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Daily Report

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General

Further Reportage on U.S.-DPRK Nuclear Talks

Future of Talks Discussed

SK2504121495 Beijing China Radio International in Korean 1100 GMT 24 Apr 95

[Unattributed commentary]

[FBIS Translated Text] The new DPRK-U.S. negotiations on the light-water reactor issue that were held from 12 to 21 April in Berlin, Germany once again broke up with no resolution.

The DPRK side's delegate told a reporter on 21 April that the DPRK and the United States did not reach an agreement on the central issue and no plans were made for the continuation of the negotiations. This was verified by a U.S. State Department spokesman on the same day. However, the U.S. side said it places importance on holding continued contacts by the two sides on this issue.

On 21 October 1994, the DPRK and the United States concluded the agreed framework on the nuclear issue in Geneva. According to the agreement, the DPRK agreed to stop the operation of its graphite moderated reactor and the U.S. side agreed to help the DPRK by gathering funds and technology facilities to build a light-water reactor through the establishment of an international organization, which will hold concrete contacts with the DPRK with the United States taking the central role.

The Korean Energy Development Organization [KEDO] was inaugurated among the United States, Japan, and the ROK in New York on 9 March 1995, and it was decided that the ROK will provide the DPRK with ROK-model light-water reactors and transitional power, and be responsible for half of the \$4.5 billion necessary to supply the light-water reactors to the DPRK. Nevertheless, the DPRK was cool toward the founding of KEDO and rejected the ROK-model light-water reactor claiming that the technology of the ROK-model light-water reactor is not advanced and that it is unsafe. In addition, the DPRK feels the ROK is adhering to the provision of its light-water reactor in order to control DPRK's industry. The DPRK side criticized that such a plot by the U.S. side is a betrayal of the DPRK-U.S. agreed framework.

On 7 April, the U.S. side once again emphasized that it could only provide the ROK-model light-water reactor to the DPRK side. The DPRK side, however, repeatedly opposed it. At the same time, the ROK's position showed some subtle change.

The ROK Central News Agency [as heard] said that on the issue of providing the DPRK with the light-water reactor, the ROK must not be pushed into a valley by someone else. In this connection, the U.S. side said that it will take three measures in the future if the agreed framework regarding the nuclear issue fails. First, it will

concentrate U.S. and ROK Forces on the Korean peninsula; second, it will take economic sanctions against the DPRK; and third, it will apply further pressure on the DPRK internationally.

In this connection, the DPRK side showed a strong position. In a special article, DPRK's NODONG SINMUN said that relations between the DPRK and the United States have already been in a state of hostility and currently, the DPRK is enhancing vigilance toward provocative military acts by the United States and the ROK; thus, the DPRK will not give up its principle in the face of the U.S. threat.

However, in reality, both the DPRK and the United States do not want to resolve the dispute through force of arms. Therefore, both sides had hoped to seek new methods and reach an agreement or make compromises regarding the differences of opinion on the light-water reactor issue during the negotiations from 12 to 21 April in Berlin. Before the start of the negotiations, the DPRK side threatened that if both sides do not bring about progress, it will unilaterally reopen its nuclear facilities.

The target date of 21 April to conclude the agreement on the supply of the light-water reactors has already passed. The DPRK and the United States did not reach an agreement on the light-water reactor issue. According to a report, the DPRK delegation has left Berlin and has already arrived in Pyongyang.

Viewing the current situation, even though negotiations between the DPRK and the United States have not been settled, the likelihood of mobilizing armed forces is not high and it is difficult to predict the method both sides will use in the future to hold contacts on the light-water reactor issue.

DPRK Requests U.S. Details

OW2604004195 Beijing XINHUA in English 2113 GMT 25 Apr 95

[FBIS Transcribed Text] Washington, April 25 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has asked for details of the latest U.S. proposal for new higher-level negotiations on their disputes over the implementation of a landmark nuclear accord, according to a State Department spokesman.

State Department spokesman Nicholas Burns told a news conference today that DPRK Vice Foreign Minister Kang Sok-chu sent a diplomatic letter to U.S. Assistant Secretary of State Robert Gallucci, chief American negotiator with DPRK, Monday [25 April] afternoon in reply to the American suggestion.

One day after the U.S.-DPRK negotiations on the light-water reactor supplier issue broke down in Berlin last Friday, U.S. Secretary of State Warren Christopher proposed that Washington and Pyongyang reopen higher-level talks in Geneva, where the two countries signed the nuclear accord last October.

Burns said that Pyongyang's letter did not say that the DPRK either accepted or rejected Christopher's suggestion.

He disclosed that the letter asked for more details on the U.S. position on the light-water reactor supplier issue.

"We are going to respond to the letter," the spokesman said. "We hope the result of this will be the North Koreans agree that it is in our mutual best interest to get back to the negotiation table."

The United States and the DPRK have been at loggerheads at who should supply the latter two light-water reactors under their nuclear agreement.

Pyongyang has rejected repeated U.S. pressures to accept the reactors to be designed and constructed by South Korea on the ground that such reactors would be unsafe technically and politically for the DPRK.

However, Washington has insisted that South Korea is the only country that has promised to pay a large share of the 4 billion U.S. dollars needed for the implementation of the nuclear accord.

Parties Urged To End Dispute

HK2604093495 Beijing RENMIN RIBAO in Chinese
24 Apr 95 p 6

[Commentary by staff reporter Zhang Youxin (1728 0645 2450): "Keeping Calm and Restoring Talks"]

[FBIS Translated Text] Pyongyang, 23 Apr (RENMIN RIBAO)—According to the framework agreement reached between the DPRK and the United States last October, the two sides were required to end the talks on providing Korea with light-water reactors and sign an agreement before 21 April, 1995. The U.S.-DPRK talks on the supply of light-water reactors, which broke down in Berlin on 20 April despite several rounds, have attracted the attention of the international community.

The three rounds of U.S.-DPRK talks on providing light-water reactors were held during January and February this year in Berlin. According to the U.S.-DPRK Framework Agreement, the DPRK should stop the operation of its nuclear reactor, which will be replaced by two light-water reactors provided by other countries. The Berlin talks were focused on which country will provide the DPRK with the two light-water reactors. During the talks, the U.S. side insisted that the DPRK must accept the leading role played by the ROK in supplying the light-water reactors, including their design and manufacture. In a word, the United States insisted on providing the DPRK with ROK-made light-water reactors. However, the DPRK suggested that the ROK could only play a secondary role and resolutely rejected the U.S. proposal, based on the argument that ROK participation in the manufacture of the light-water reactors was not stated in the the framework agreement.

Moreover, the safety of ROK-made reactors is not guaranteed either technically or politically. Because each side stuck to its own view, the talks reached a deadlock and broke up in discord.

Meanwhile, the U.S. Department of Defense announced on 14 April that joint U.S.-ROK military exercises will be conducted from the end of April to mid-May. The spokesman for the U.S. State Department said that if the DPRK "rejects the talks" and reuses the currently closed nuclear facilities, the United States will seek the imposition of sanctions against the DPRK. The ROK declared a few days ago that it will conduct a military exercise in October which will spread nationwide. As the joint military exercise conducted by the United States has violated the framework agreement and the DPRK's sovereignty, the spokesman for the the DPRK Foreign Ministry said that the DPRK had no choice but to adopt "relevant measures." Signs of a tense situation have emerged again on the the Korean peninsula.

It remains fresh in our memory that, owing to the differences on supervision over the fuel rods during the first half of last year, the IAEA adopted a resolution on imposing sanctions against the DPRK. Through frequent activities, the United States also suggested sanctions imposed by the UN Security Council against the DPRK, which further aggravated the contradiction and resulted in an increasingly tense situation on the the Korean peninsula. As the parties concerned calmly handled the matter later, the U.S.-DPRK Framework Agreement was eventually reached through talks and was universally welcomed by the international community.

Since the signing of the framework agreement, the two countries have reached unanimity on a wide range of issues, including freezing the DPRK nuclear plan, providing 500,000 tonnes of heavy oil to the DPRK annually, partly lifting the economic sanctions imposed on the DPRK, and holding consultations on establishing reciprocal liaison offices. The implementation of the the U.S.-DPRK Framework Agreement has also been smooth. The current dispute over the supply of light-water reactors is the first obstacle encountered in the course of enforcing the agreement. The framework agreement was reached through talks so the problem encountered in implementing the agreement should also be resolved through talks. Sanctions and pressure will not help resolve the problems. Instead, they will bring just the opposite.

To prevent an adverse impact on implementation of the framework agreement signed last October on the DPRK nuclear issue, U.S. Secretary of State Christopher on 21 April urged the DPRK to resume talks with the United States. The DPRK Foreign Ministry responded on 22 April saying that the DPRK will consider the U.S. proposal. The international community expects the parties concerned to keep calm, resume talks at an early date, and continue to push the situation on the Korean peninsula toward relaxation.

Corporation Joins World Atomic Nuclear Group

HK2504155795 Beijing ZHONGGUO XINWEN SHE
in English 1226 GMT 25 Apr 95

[FBIS Transcribed Text] Paris, April 25 (CNS)—The World Atomic Nuclear Organization (WANO) Conference was held in Paris in the morning of April 24, local time. At the conference, China Nuclear Industry Corporation, representing China, signed a covenant to become a member nation of the WANO.

Speaking at the covenant-signing ceremony, Cao Gangzuo, a senior executive of China Nuclear Industry Corporation, said that China will abide by the regulations of the WANO by making the fullest use of nuclear energy and offering positive contribution to prevent nuclear pollution and proliferation.

The objective of the WANO, a non-government organization established in Moscow in 1989, is to call for the united efforts of countries and territories who are in possession of nuclear power facilities to curb nuclear pollution and proliferation in an effective manner, through mutual exchange and cooperation.

The WANO holds a general assembly once in every two years. Its agenda comprises review of work done, recruitment of new members, and proposals of new cooperative assignments. To date, more than 131 nuclear energy organizations from 30 countries and territories in the world have joined the WANO.

'Roundup' on Choices of NPT Extension

OW2604064095 Beijing XINHUA Domestic Service in Chinese 1340 GMT 23 Apr 95

["Roundup" by XINHUA reporter Xia Zhaolong (1115 0340 7893): "Extension of the Nuclear Nonproliferation Treaty Faces Two Choices"]

[FBIS Translated Text] United Nations, 23 Apr (XINHUA)—Since the opening of the nuclear Nonproliferation Treaty [NPT] Review and Extension Conference on 17 April, a heated debate has been going on at UN headquarters, as delegates from various countries have each stated their views regarding the treaty's extension.

The NPT, which has been signed by 178 countries since entering into force in 1970, is the most universal treaty in the field of global arms control. At the conference almost all speakers, whether from nuclear weapon or non-nuclear weapon states, have fully affirmed the treaty's positive role in containing nuclear proliferation. They held that, although confrontation between the two superpowers has disappeared, the world today remains turbulent and the threat of nuclear weapons is far from being eliminated. Therefore, they call for the treaty's extension to maintain world peace and security.

However, there were two main proposals brought up at the conference for the treaty's extension: indefinite extension and extension by multiple periods. Quite a few

countries have proposed a period of 25 years, during which certain nuclear disarmament targets are to be set. Upon expiration of this period, a conference of signatories would be convened to review implementation of the targets.

The developed nations, represented by the United States, have favored the first proposal. In his speech, U.S. Vice President Gore said: The NPT has reduced the threat of nuclear weapons, provided the foundation for global disarmament and peaceful use of nuclear energy, and made important contributions to international stability. On behalf of 21 EU members, French Foreign Minister Juppe voiced support for the U.S. proposal for indefinite extension. He said: The NPT has satisfied the international community's basic security needs; and therefore, the treaty should "become permanent so as to enhance its international legal position." Australia, South Africa, Singapore, and some other non-nuclear weapon countries also regard indefinite extension as the best policy.

Many developing countries have favored the second proposal. They maintain that the treaty, which was drawn up more than two decades ago under the specific circumstances of that time, contains unfair provisions concerning the rights and obligations of nuclear weapon and non-nuclear weapon states, and that the nuclear powers have for many years failed to seriously implement the nuclear disarmament obligations stipulated in the treaty. Therefore, they are opposed to indefinite extension.

In his speech, Nigerian Foreign Minister Kingibe criticized the United States and Russia for failing to fulfill the nuclear disarmament obligations prescribed in the treaty. He pointed out: Even if the United States and Russia implement START II, their nuclear weapons can still destroy the globe many times.

In their speeches, delegates from Indonesia, Egypt, Venezuela, and other countries complained that the nuclear powers have failed to provide reliable security assurances to non-nuclear weapon states that are NPT signatories. They welcomed the nuclear powers' recent assurances, but still resented that they are "too little, too late," demanding more trustworthy assurances in the form of international legal documents.

Quite a few developing countries also expressed dissatisfaction with obstacles set up by some nuclear powers on the question of the peaceful use of nuclear energy, and called for strengthening the IAEA's functions and the promotion of international cooperation for more effective use of nuclear energy in human health and economic prosperity. Iranian Foreign Minister Velayati said: Many NPT-signatory developing countries are not entitled to the lawful rights of the peaceful use of nuclear energy. The discriminatory measures adopted by some nuclear weapon states are "unreasonable."

The present indications are: countries favoring indefinite extension are concerned about nuclear proliferation,

while countries favoring extension by multiple periods want to make the nuclear powers more comprehensively fulfill the obligations prescribed in the treaty. That is, while preventing nuclear proliferation, they should realize nuclear disarmament and transfer the technology for the peaceful use of nuclear energy to non-nuclear weapon states.

Chinese Vice Premier Qian Qichen, who is also the foreign minister, gave a comprehensive exposition of the Chinese Government's stance on the nuclear issue. He said: China supports the treaty's smooth extension. However, prevention of nuclear proliferation is not the ultimate goal in itself, but an intermediate step leading toward the complete ban and thorough destruction of nuclear weapons. He added that double standards should not be adopted with regard to prevention of nuclear proliferation and the peaceful use of nuclear energy.

According to the conference agenda, delegates from various countries will cast their votes before the conference ends on 12 May. How the NPT will be extended remains unknown.

Asian-Pacific Customs Officials Meet in Beijing

*OW2504142895 Beijing XINHUA in English 1409
GMT 25 Apr 95*

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Customs officials from 26 countries and regions on the Asia-Pacific rim gathered in Beijing today to work out a strategic plan for closer co-operation.

In a congratulatory letter to the 5th Regional Conference of Customs Administrations, Chinese Vice-Premier Li Lanqing said that customs work has played an active role in economic activities of the Asia-Pacific region.

Governments have become more and more aware of the significance of co-operation among customs offices in promoting trade and economic development, and such cooperation has turned out to be an important factor in international or regional economic affairs.

He said that Chinese customs officers have successfully carried out a series of moves that have stimulated communication and co-operation between different customs offices.

At today's session, officials with China Customs briefed the participants on China's reforms in its customs' operations over the past few years, and noted that it has been fruitful in cracking down on smuggling. China Customs launched three anti-smuggling operations along the southeastern coastal region last year, effectively deterring maritime smuggling activities, they said.

Also last year, China Customs seized 221.4 kilograms of smuggled drugs and more than 10,000 cultural relics.

During the four-day conference, the participants are expected to discuss the development of their respective

customs operations and try to seek solutions for problems that they face in common.

UN Multicultural Diversity Conference Previewed

*OW2604010995 Beijing XINHUA in English 0049
GMT 26 Apr 95*

["Feature" by Liu Dongkai: "Multi-Cultures Observe Past Together"]

[FBIS Transcribed Text] Sydney, April 26 (XINHUA)—On the eve of the United Nations Global Cultural Diversity Conference in Sydney, Australia, delegates from different countries sat shoulder to shoulder Tuesday [25 April] to mark the unique Australian festival—the ANZAC [Australia-New Zealand Army Corps] day.

About 30 delegates to the UN conference to be held in Sydney Wednesday took part in the ANZAC ceremony in the National War Memorial in Canberra.

Many delegates could not even tell how many Australian soldiers were killed when the Australian and New Zealand Army Corps (ANZAC) waged a tragic assault on Gallipoli in the northwestern coast of Turkey on April 25, 1915 during World War I.

Some of them learned of this traditional Australian holiday only for the first time.

But all of them looked on the veteran parade with comfort, though they come from Asian and European countries, some of which Australia fought against in wars in this century.

They came here this time as guests of the Australian government to discuss the equal and peaceful coexistence of different ethnic and cultural groups in one same society.

George Forshaw, former Australian police officer stationed in Vietnam during the 1960-70s, sat beside delegates to the multi-cultural conference.

He said that he understood Asian people well and liked them. He said he enjoys a happy "multi-cultural" family because he has a Chinese daughter-in-law.

Among the tens of thousands of people at the ceremony in the heart of the country, many are of different colors and have diverse ethnic origins. But the national holiday that is unique for Australia seems to be enjoyed by people from the world over.

Australia, which had carried out a racial discriminative "white Australia" policy till the 1970s, now boasts people of 140 nationalities from all over the world.

The Australian government has set up the Office of Multi-Cultural Affairs and the Ethnic Affairs Commission to carry out a policy of coexistence of various cultures in the society.

In a speech at the ceremony, an Australian veteran said that the people mourned not only the Australians who had fallen in battle but all those who had been victims of armed conflicts.

Hass Dellal of Turkish origin who heads the Australian Multi-Cultural Foundation, said that friendship, not hatred, was the keynote of all the people in the society at present.

He laughed when asked whether he felt uneasy at the ceremony of the ANZAC day when Australian and Turkish armies had clashed 80 years ago. "People now are all friends," he said.

The Australian Multi-Cultural Foundation cosponsored the Global Cultural Diversity Conference with the federal government and the state government of New South Wales.

More than 1,000 delegates, including two from China, attend the meeting that opens in Sydney Wednesday.

UN Secretary-General Butrus Butrus-Ghali is to make a speech at the opening of the conference, to be attended by Australian Prime Minister Paul Keating.

The three-day conference, designed to mark the 50th anniversary of the United Nations, will last through Friday.

Envoy Addresses Habitat II Preparatory Session

OW2504235795 Beijing XINHUA in English 1924
GMT 25 Apr 95

[FBIS Transcribed Text] Nairobi, April 25 (XINHUA)—China has appealed to the International Community to cooperate each other to alleviate the deteriorating situation of human settlements globally, especially in the developing countries.

Mao Rubai, Head of the Chinese Delegation to the Second Session of the Preparatory Committee for Habitat II told the participants from 150 countries in Nairobi today that the developing countries bear the main responsibility to solve the critical problem of housing shortage.

However, Mao Rubai said the International Community, especially the developed countries also have a duty to create favorable international environment for the developing countries to alleviate their housing shortage.

He urged the developed countries to provide extra capital to be used in human settlement area and transfer human settlement-related technologies in favorable terms to the developing countries.

The Head of the Chinese Delegation expressed great concern over how to realize the Global Strategy to the Year 2000, which has raised achievement of shelter for all.

He said it is a critical and urgent task for the international community and Habitat to achievement the goal because as of today, there are still one billion people throughout the world lack adequate shelter, among whom 100 million are homeless.

The Second Session of the Preparatory Committee for Habitat II, which started on April 24 and ends on May 5, is to draft a Global Plan of Action which is on the achievement of shelter for all by 2000. [sentence as received]

The Global Plan of Action will be discussed at the Second United Nations conference on Human Settlements (Habitat II) to be held in June, 1996, in Istanbul, Turkey.

*Scholars View Developing 'West-West' Relations

95CM0214A Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
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[Unattributed article: "West-West Relations Workshop Summary"—based on conference sponsored by the Chinese Academy of Social Sciences, XINHUA News Agency, the State Planning Commission, Beijing University, and the Ministry of Foreign Affairs]

[FBIS Translated Text] [Editor's note] On 13 December 1994, the editorial board of this publication held a workshop on West-West relations. Experts and scholars from the American Research Institute, the Western Europe Research Institute, and the Japan Research Institute of the Chinese Academy of Social Sciences, XINHUA's International Department, the Economic Research Center of the National Planning Commission, the International Politics Department of Beijing University, the Department of Affairs of the Americas and Oceania of the Ministry of Foreign Affairs, and the Chinese Contemporary International Relations Institute attended or provided written statements. The delegates engaged in a lively and thorough examination of the conflicts, compatibility, and the competition and cooperation among developed Western nations. Their remarks are provided below in four sections. [end editor's note]

On Western Big Power Relations

Li Changjiu [2621 7022 0036] (Research fellow and director of the Research Office of the International Department of XINHUA): First, I will talk about America's, Japan's, and Europe's rapid readjustment of policies and the problems in relations among them.

Since the end of the Cold War, the international situation has eased overall. The intense turmoil that the end of the Cold War engendered has gradually abated. The big Western powers have gone from idealism to pragmatism, and they are now in the process of rapidly readjusting their foreign strategies and policies in terms of their separate future status, roles, and mutual relations.

Economic factors have become the key factor in international relations. Following dissolution of their common adversary, the USSR, the major western powers have devoted more attention to the maintenance of their own economic and trade interests, status, and role. Conflicts, frictions, and competition have increased markedly in the economic and trade realm among the United States, Japan, and western European nations.

The United States is bending every effort to maintain its superpower position and "world leadership role," but it has encountered numerous difficulties and problems. On 21 September 1993, the American president's national security advisor, Anthony Lake, proposed for the first time an "expansion strategy" as America's basic foreign strategy in the post-Cold War era. Lake declared: "As a follow-on to the containment strategy, the United States must adopt an expansion strategy, expanding the large free family of the world's market and democratic nations." On 21 July 1994, President Clinton emphasized in his "National Security Strategy Report" that the United States will promote global "participation in an expansion strategy." Despite a lowering of the tone, he continues to reiterate that "America's long-term goal is establishment of a world in which every large country is a democracy, with many other countries also entering the large family of the market democracy system as well." On 28 November of the same year, the United States Information Office published an article by the chairman of the Joint Chiefs of Staff, John Shalikashvili, entitled, "Diplomacy and Power in the 21st Century." Shalikashvili believes that the United States "is facing two challenges," or one might say that the United States "must deal with two problems," namely "redefining the correlation between post-Cold War-era diplomacy and power, directing, using, and balancing these two elements of our national power to attain a common goal. Particularly as we enter the 21st century," we must "learn how to deal with steadily increasing military actions short of war." Shalikashvili feels that without the use of military force, the United States will be unable to maintain its world leadership position. Unless it is willing to spare no sacrifice to protect interests that are crucial to America's security, it will have to be circumspect, not becoming excessively involved. These different points of view show that the United States is in the process of readjusting its foreign policy and strategy.

Since the end of 38 consecutive years of Liberal Democratic Party rule in Japan on 18 June 1993, political factions have constantly split and recombined. Today, a Socialist Party and Liberal Democratic Party coalition rules. In December 1994, nine opposition parties formed the "New Progressive Party," with former Prime Minister Toshiki Kaifu becoming the first leader of the party. No matter how the various political forces in Japan continue to change and combine, and no matter whether they form a two-party political system or have one party rule, Japan's strategic goals have already been largely defined. Japan has already begun its third major readjustment since the Meiji restoration: It is moving from

big economic power status to big political power status, and setting up a political system to go with the change. Economically it continues to catch up with and surpass the United States. On 7 October 1994, the government of Japan decided to invest 630 trillion yen in public works between 1995 and 2005. Japan's development potential should not be underestimated. Japan's use of the United States to become a major political power, and its use of American technology and markets to compete with the United States have aroused disquiet in the United States. Economic and trade frictions between the United States and Japan are increasing daily. Even while maintaining its leadership position in NATO, the United States intends to gain a dominant position in the Asia-Pacific Economic Cooperation Organization [APEC] in order to restrain Japan, and Japan will use investment, assistance, and trade to define its dominant position in Asia.

Germany has become the third economic power in the world and the first in western Europe. Since the early 1990s, Germany has infused more than 643 billion marks into Germany's eastern zone. The economic difficulties of the eastern zone during the early period of the changeover have been transcended. Now, exports have increased, investment is brisk, and entrepreneurs have full confidence in Germany's economic prospects. Germany's role as the "nucleus" in the European Union [EU], and its dominant position are increasing. Its economic and political influence in eastern Europe is also expanding rapidly. At the same time, Germany is actively developing economic and trade relations with Asian nations, and quickening its pace in becoming a major world political power. Germany's rapid resuscitation has changed the power balance among major European powers, thereby setting off concerns among the other nations of Europe. During a visit to Germany in July 1994, President Clinton announced that Germany is "the cornerstone of America's European policy," and that he looked forward to Germany "playing a greater leadership role" with the United States in international affairs. This change in America's relations with the western European powers aroused displeasure in the UK and France, the traditional "special relationship" between the United States and the UK was weakened, core contradictions between France and Germany increased, and France and the UK began to draw closer together, even going so far as to join Russia in expressing opposition to NATO's eastward expansion. The French "Liberation" published an article that declared that the era of distrust between Europe and the United States has begun. On 2 December 1994, the British newspaper "The Guardian" said that during a period of increasing splits within NATO, Russia's proposal for increasing security cooperation with the EU has the isolation of the United States as its goal.

In short, 1994 was the most important year since the end of the Cold War for the adjustment of the foreign strategy and policies of big Western powers. The policies of every country have become more pragmatic, and the

contradictions and frictions among these nations have also increased further. Nevertheless, for a long time to come, coordination will remain the most important element of relations between the big Western powers and the former Soviet Union and eastern European nations with regard to regional hot spots and global issues. Jockeying for advantage among the big Western powers, economic and trade conflicts, competition, and friction will intensify, but they will be settled when they hurt the common interests of these nations. The United States will play a dominant role in international affairs, but it will need the cooperation of other big Western powers. The big Western powers are becoming more independent, but they lack strength, and they are also unlikely to unite in opposition to the United States. In short, **conflicts, struggles, and friction, as well as coordination, compromise, and cooperation will coexist in big Western power relations.**

Zhu Yong [0719 0516] (assistant researcher at the China Research Institute of Modern International Relations): A currently popular description may be applied to relations among the big Western powers, namely "the co-existence of competition and cooperation, and mutual restriction and interdependence." However, the truth is that **cooperation is waning and competition is increasing in the present situation.** A battle of control and countercontrol is developing.

Relations among the big Western powers have been in the readjustment stage since the end of the Cold War. Among the five big world powers, China is "hiding its capacity and biding its time," and Russia is weaker than during the USSR era; consequently, relations among the big Western powers have come to the fore. Actually, these relations consist of three major Western forces carving out spheres of influence. The spheres of interest on which this division impinges is, first, the former USSR sphere of influence, followed by markets that the United States formerly occupied. This division is bound to bring about clashes among the three major powers. Events suggest that the major Western nations speak with one voice to the United States. Today, Japan and Europe both dare to say "no" clearly. Economically, Japan says "no," and on the Bosnia-Herzegovina problem, Europe says "no," and Europe has also raised the slogan of many years ago of "Europe for the Europeans." This shows that contradictions and clashes are developing among the big Western powers.

Since the end of the Cold War, geoeconomics and both national and ethnic interests have replaced geopolitics and East-West relations, their escalation becoming a basic factor affecting the world situation and relations among the big Western powers. Despite the mutual interest and complementary nature of Western big power economic relations, I personally feel that economic clashes will occur first among adversaries among whom competition is most intense. Extreme competition cannot occur between the United States and the Third World because the strength of the United States is

overwhelming. By comparison, the strength of the three Western power groups is relatively even; there are no marked differences in the products they sell or their level of science and technology. Consequently, mutual frictions are more likely to erupt among them and become more intense. Therefore, I feel there is both competition and cooperation among the three main Western power groups, but that competition is on the rise.

Zhang Yebai [1728 0048 4101] (research fellow, American Institute, Chinese Academy of Social Sciences): First, I will talk about **how to evaluate "West-West contradictions."**

Following the end of the Cold War, the cohesiveness of the Western alliance declined, and "West-West contradictions" developed; nevertheless, "to regard the West-West contradiction as the main contradiction in the modern world is wrong." Main contradictions always play a guiding and decisive role. They determine or influence the existence and development of other contradictions. However, the problems that the world faces in the wake of the Cold War are extremely complex and varied. Every country in the world is considering this problem today, but they have yet to find a "main contradiction" that can determine and influence other contradictions in the way that the confrontation between the United States and the Soviet Union did during the Cold War era. The United States feels at sea about the loss of its "main enemy," and it is preoccupied with setting up a new one. Iraq and North Korea are regarded as nations antagonistic to the United States, but they are only regional powers. Some would like to pin the main enemy label on China, but China poses no threat to the United States. The "cultural clash theory" that Huntington put forward reflects the American frame of mind in finding a "main contradiction." Strictly speaking, this frame of mind is a manifestation of "Cold-War thinking." Some people are still accustomed to regarding events in terms of the Cold War era. To regard "West-West contradictions" as a main contradiction is an exaggeration. This is because they are, after all, contradictions when there is agreement about basic interests. Even in the economic realm, because interdependence among the Western nations has deepened to the point that there is something of each in the other, and one cannot part from the others, cooperation and compromise among them is bound to be paramount.

Wan Shuyu [8001 2885 3768] (researcher, Chinese Modern International Relations Institute, and deputy editor of this publication): I will make two points: The first is **an examination of the basis for Western interdependence;** and the second is **changes in America's position.**

Despite the contradictions and frictions in West-West relations of recent years, and their rather general occurrence, **interdependence and assistance remain the main current and the dominant theme; contradictions and frictions are a lesser current and a minor theme.** At the

present time, West-West contradictions and frictions are not conflicts and clashes of basic interests and basic points of view. Formerly, common opposition to the Soviet threat was the main basis for the alliance of the Western powers, but dissolution of the Soviet Union has far from become a solvent or separator. Not only do two basic foundations exist for their continued adhesion, but two new foundations have formed under the new conditions and circumstances as a result of their common basic interests and basic points of view. Their two basic foundations are: 1) A common socio-political system and values. Despite the various unjust and irrational social problems that exist, and despite their inglorious human rights record, the Western powers have never attacked or undercut each other on this account, but rather have directed their attacks against non-Western nations. On the so-called human rights issue, they point the finger at other countries, boss them around, and even trump up charges in an effort to find fault. 2) Economically, they are deeply involved with each other and interdependent. Although they seize markets from each other everywhere, they are still each other's main objects for trade and investment. This is the reason they have become so intertwined in adverse trade balances, market access, commodity dumping and antidumping, exchange and interest rates, and farm-product price policies, and why they maintain and increase economic and trade contacts. The two new foundations are: 1) Joint global promotion of "Westernization," making this their new strategic objective. Before the Cold War, their main strategic goals were containment of the Soviet threat and of communism. Their spears were directed against the socialist countries. Today, the scope of Westernization is broader. It is directed at three levels: At the first level are the countries of the former Soviet Union and eastern Europe; at the second level are socialist countries elsewhere; and at the third level are other non-Western democracies, including the far-flung developing nations. The emphasis today is on the former Soviet Union and eastern Europe, where the Western powers are trying to move ahead across the board in the economic, political, and defense fields. In pursuit of the "Westernization" goal, this or that difference of opinion may occur about whether to use a soft or a hard or an open or secret approach, about the emphasis, the choice of methods, and the timing, but these do not affect the overall goal. They do not get in the way of the Western powers pursuit of the overall goal of "Westernization." 2) Joint elimination of regional disturbances and hot spots. Since the end of the Cold War, the Western powers have felt that the real threat to their security and economic interests comes from regional disturbances. Even though their individual specific interests are not the same, the degree of their concern and depth of involvement differs or has a different emphasis, and although their methods differ too, they have formed a fairly uniform standard and common point of view that is based on the Western political outlook and values, which is basic. Because of these four

foundations in West-West relations, their interdependence is bound to be greater than their mutual contradictions. Their differences and frictions may also be resolved or even overcome through compromise.

2.[numbering as published] Who is the dominant force in West-West relations? Have there been any changes, and if so, what changes? The United States still has the most power in West-West relations; the United States is still the dominant force. Economically, the EU is a worthy adversary overall, but militarily it cannot match the United States. Much less is the EU a fully and highly integrated complete entity. It also goes without saying that Japan still ranks second to the United States in overall power. Therefore, it is not difficult to understand that no matter how hard Japan contests dominion in the Asia-Pacific region with the United States, in the end it has no choice but to follow America's course. Although some EU nations seek ways to wrest the leading position in European security matters from the United States, as time has gone on, an increasing number of nations have acknowledged the EU's limitations in resolving local conflicts. European security still cannot do without the "existence" and the "support" of the United States. In recent years, however, the role and status of the United States has also undergone some fairly marked changes: A) Its paramount position has met strong challenge from the EU, and it is weaker than formerly. For the first time, Japanese leaders, who once bowed and scraped to the United States, have openly said "no" to the United States. Where formerly individual EU nations talked back to the United States, now there is multiple nation or even mass resistance to the United States. For example, when the United States announced its unilateral decision to stop enforcing the UN arms embargo against Bosnia-Herzegovina, not only did the EU nations not respond, but some issued communiques terming America's action "regrettable." B) Because of the weakening of its dominant position, America's posture toward the EU has declined, and its tendency toward conciliation has increased. In recent years, the United States has become reconciled to a lowering of its status. It has proposed to Japan the "sharing" of world "leadership responsibilities," and it has proposed to Germany the establishment of a "leadership partnership" between the two countries. America's increased requests to Japan and the EU have also widened the basis for interdependence.

U.S.-Japan Relations

Zhang Yebai I will now express some thoughts about U.S.-Japan relations and the China factor:

1. Major changes have occurred in the basis for U.S.-Japan relations and the character of the U.S.-Japan alliance as a result of the end of the Cold War and the dissolution of the USSR. Nevertheless, U.S.-Japan relations hold paramount importance among the foreign relations of the two countries. Japan continues to rely on the United States both for its security, and politically and economically as well. Despite the tilt toward Asia in

Japan's foreign relations, Japan's relations with the United States are paramount. For the United States, Japan is its major ally in Asia; thus, U.S.-Japan relations are the cornerstone of United States policy in the Asia-Pacific region. Japan holds a particularly important position in U.S. foreign relations. Some say that America's Asia-Pacific policy is facing a choice between U.S.-Japan relations and U.S.-China relations as a basis. Such a formulation is inaccurate because, in America's view, Japan is the largest democratic nation in Asia except for India, and Japan is its ally, while China is still a socialist country. Even though America's relations with both Japan and China are both very important, they differ in character. Particularly now that the Cold War is over, America's Asia-Pacific policy cannot be based on U.S.-China relations.

2. Some people suppose that conflicts between the United States and Japan are bound to escalate because of the collapse of the original basis for the U.S.-Japan alliance. This view is also somewhat skewed. U.S.-Japan relations do indeed face new problems and new challenges, but the common interests of the two nations transcend the differences and clashes between them. On security matters, Japan's dependence on the United States has decreased; nevertheless, security issues remain the center of the U.S.-Japan alliance. The United States maintains a cautious attitude about the strengthening of Japan's military might, and it may be vigilant about Japan's development of nuclear weapons. Nevertheless, while continuing responsibility for Japan's security, the United States wants Japan to play a more active role in Asia-Pacific security matters. Because of increased apprehensions in recent years about Asia-Pacific security matters, the United States needs Japan even more to take the lead in maintaining the stability of the Asia-Pacific region, playing a role in U.S.-Japan relations. **Politically,** U.S.-Japan relations are becoming an equal partnership. Japan wants to become a major political power, and increasingly it dares say "no" to the United States. On major international issues, however, it still coordinates fully with the United States, and there are no fundamental differences between the two nations on these issues. The United States also supports Japan's quest for major political power status. It supports Japan's bid to become a permanent member of the UN Security Council. **Economically,** competition between the United States and Japan has become more intense. America's trade imbalance with Japan continues to widen, and the attitude of both sides has become tougher on the handling of trade frictions. Nevertheless, the common interests of the two nations have also increased, and the interdependence and intertwining of interests are also increasing. This forces both parties to reach a compromise at the negotiating table at crucial times. With the upturn in the American economic situation in recent years, American apprehensions about Japan's economic threat have abated.

3. The China factor in U.S.-Japan relations. In recent years, people in other countries have repeatedly emphasized the importance of a "triangular" relationship to Chinese researchers. This makes a certain amount of sense. This is because even though the world is making a transition to multipolarity in the wake of the Cold War, big power politics remains extremely important during the present stage. When people observe international issues, they are always interested, first of all, in the role of big powers and big power relations. Some people propose multipolarity around the United States, Japan, and Europe, or around the United States, Europe, Japan, Russia, and China, and in Asia around the United States, China and Japan, or the United States, China, Japan, and Russia. I do not approve use of the term "triangular relationship," because it is an outgrowth of the big power politics of the Cold-War era. Continued use of this term may easily give rise to misunderstandings. After all, today's triangular relationships do differ from the past. During the Cold-War era, strategic security was the focus of the triangular relationship. Mutual checks and balances were fairly strict, and the state of relations between two countries frequently had an important effect on the third country. Nowadays, security issues are not that overriding. Big power relations have become more diversified, and mutual checks and balances have become more limited and looser. The "zero sum" rule of the past in which one side's gain was another side's loss has been replaced by relationships of common benefit or common loss. The China factor still has a certain importance to U.S.-Japan relations, but for most Americans, use of a communist party country to restrain a democratic country and an ally runs contrary to American moral values. There are indeed some people in the United States who feel that, over the long run, China is important to America as a counterweight to Japan, but few are willing to say so.

Tao Jian [7118 1017] (assistant research fellow, Chinese Contemporary International Relations Institute): 1. Since the end of the Cold War, both the United States and Japan have pursued their own national interests. Their strategic focus has shifted to improving their own economic foundations, increasing aggregate national power, and improving their international competitiveness. Foreign relations focus more on protecting the economic interests of the home country. Economic relations and trade override politics and security, becoming the the priority topic of the U.S. government. The Clinton administration made the National Economic Council the hub for administering trade with Japan and for promoting economic policy. Consequently, discord between the United States and Japan, which has long pursued economic interests as its external goal, have increasingly occurred over the division of foreign interests. This shows up prominently in trade friction. When the United States entered into rivalry over economic interests in the Asia-Pacific region, a confrontation

between U.S. and Japanese "economic diplomacy" ensued. "Economic diplomacy" is now paramount in U.S.-Japan relations.

2. "Sharing responsibilities" and "ceding authority." These phrases refer to cooperation and conflict in U.S.-Japan relations. Increasingly, the United States wants wealthy Japan to share some global responsibilities. At the same time, it is unwilling to cede some international authority to Japan. For example, even though Japan is second only to the United States in payment of UN operating expenses, it "can only wait outside the door to hear announcements about the results of discussions." Therefore, Japan is increasingly seeking a new position of equality. It wants to become a permanent member of the Security Council. Japan feels that given its position and power in the world economy, continuation of the post-World War II pattern of the five victorious powers being members of the Security Council is no longer in tune with the times. In the wake of the Cold War, Japan's demand to develop from an economic power into a political power has become more urgent, and the pace is also picking up.

3. "The red sun is in the ascendent," and "Uncle Sam is resurgent." These phrases refer to the change in the contrasting states of Japanese and American strength. In 1985, Japan supplanted the United States as the world's number one creditor nation. The reaction to this of the American government and public was mixed. Quite a few people felt that Japan posed a mortal threat to the American economy, and some power groups even advocated listing Japan as an "enemy nation." Others felt differently. Now, America's domestic economy has improved markedly; the painful readjustments of its domestic economy during the past several years have begun to show results, and budget deficit-inflation momentum has been contained. Once again, the United States has become the world's largest exporting nation, its exports accounting for more than 13 percent of GNP, an amount higher than Japan's 9 percent. In addition, it has wrested from Japan's hands the international competition championship that it had lost for 8 years, etc., hence the saying in recent years that "Uncle Sam is resurgent." The United States has made progress in espousing the liberalization of global trade, and the liberalization of Asia-Pacific region trade. The United States and a large number of developing nations have a greater advantage in practicing regional cooperation than Japan. "America First" great power consciousness has begun to grow again. This has already generated, and will continue to generate, an effect on both competition and cooperation in U.S.-Japan relations.

Luo Zhaohui [5012 3564 6540] (second secretary, Department of Affairs of the Americas and Oceania, Ministry of Foreign Affairs): I will talk mostly about cooperation in U.S.-Japan relations.

Despite the constant conflicts and frictions between the United States and Japan since the end of the Cold War,

both sides continue to increase cooperation on political and security support. Even on economic matters, coordination and cooperation between the United States and Japan continues to outweigh competition. First of all, when Prime Minister Morohiro Hosokawa visited the United States, although the two sides did not reach agreement on solving America's adverse balance of trade with Japan, and although discussion of a host of economic issues was suspended for a time, the American trade representative and the Japanese foreign minister continued reciprocal visits later on, both sides showing that they wanted to continue discussions. Not long afterward, Japan compromised on the issue of the Motorola Corporation's entry into the Japanese market. The United States also relented, not insisting on solution to all problems, but switching instead to gradual advance, first solving the problems that can be solved. Next, Japan and the United States reached an agreement on Japan's opening up of government procurement of telecommunications equipment and medical equipment and its plate-glass market, thereby temporarily averting, once again, initiation by the United States of unilateral trade sanctions against Japan that might lead to a trade war. Second was the East Asia Economic Conference (EAEC) that Malaysia proposed. Even though Malaysia still wanted American capital and technology, it also expressed its independence and its struggle to become a first-rate nation in East Asia; thus, it excluded the United States, Australia, and New Zealand from the EAEC. At first, Japan favored the EAEC and quietly expressed support for Malaysia. Reportedly, however, as a result of the intervention of the trade representative that the United States dispatched to Japan, Japan backed off from its position. Out of concern for the United States, it did not explicitly support Malaysia. Third was the handling of the APEC issue. On the timetable for the liberalization of Asia and Pacific trade and investment, Japan agreed to go along with the United States on this crucial issue. The United States was rather pleased.

Zhao Jieqi [6392 7132 3823] (deputy director and research fellow, Japan Institute, Chinese Academy of Social Sciences): U.S.-Japan relations in recent years may be capsulized in the following two sentences: Since the end of the Cold War, the two nations have continued to maintain close political, security, and diplomatic relations, but the Japan-U.S. security system has taken on new meaning, with Japan's independence and autonomy increasing. Economic frictions between the two nations have intensified and are adversely affecting the political basis for bilateral relations; however, these frictions can still be controlled and will not lead to a worsening of mutual relations in the near term.

1. Maintenance and strengthening of bilateral relations remains the basic foreign policy of both nations. During the past more than a year, despite the number of cabinet changes in Japan, the Hosokawa, Hata, and Murayama cabinet, the last with the head of the Socialist Party as prime minister, have all announced that adherence to the

Japan-U.S. security treaty is basic to Japan's foreign policy. It is particularly noteworthy that following the installation of the Murayama cabinet, the Socialist Party thoroughly changed its attitude toward the Japan-U.S. security treaty. As is generally known, the Socialist Party's original policy opposed it and advocated the scrapping of this security treaty. After Murayama took office, however, not only did he change the policy, but repeatedly stated that there was no change from previous cabinets in the Murayama cabinet's realization of the importance of the Japan-U.S. security treaty. Japan would continue to "uphold the Japan-U.S. security treaty." In the United States, after Clinton took office, even though he had adopted a tough attitude about solving Japan-U.S. economic frictions, and brandished the "super 301 provisions" to put pressure on Japan, thereby forcing Japan to give way, he also declared repeatedly that America's adoption of "retaliatory measures" economically could threaten bilateral political and security relationships, and that strengthening continuation of the Japan-U.S. alliance system is the "cornerstone" of U.S. Asia-Pacific policy.

Nevertheless, one must realize that the meaning of, or the strategic basis for, the Japan-U.S. alliance system has changed since the Cold War. It is generally realized that during the Cold-War era, joint opposition to Soviet expansion and the Soviet threat was the foundation for maintenance of the Japan-U.S. alliance system. Following the end of the Cold War, because of the dissolution of the USSR, the role of the Japan-U.S. alliance changed from the former joint opposition to the USSR to joint containment of regional clashes, and from "protecting Japan" to "watching Japan." America's policy toward Japan today is as follows: It contains both a hope that Japan will work with the United States to play a political role both globally and in the Asia-Pacific region, and trepidations about Japan becoming a political power and going on to become a military power. The United States wants Japan both to increase its military strength and financial responsibility for U.S. forces stationed in Japan, and to limit the scale of Japan's armed forces expansion. It also intends to prevent Japan from developing "a capacity to deploy combat forces (abroad)," and to "research and develop (like the United States) noncomplementary weapons systems (i.e., strategic weapons)" in order to prevent Japan from becoming a major military power. The United States has said it wants to "maintain bases and forward deployments in Japan for a long time" so that American forces can "play a bottle-cap role (in preventing the militarization of Japan)." Following the end of the Cold War, Japan has also ascribed new meaning to the Japan-U.S. alliance system. In addition to continuing to emphasize the role of the Japan-U.S. alliance system in the "nuclear containment" of nuclear nations, and having the system serve as a "backstop" for Japan's conduct of diplomatic activities, it also believes that upholding the Japan-U.S. security treaty and maintaining American garrison forces in Japan and the Asia-Pacific region helps contain

the outbreak of regional clashes in the Asia-Pacific region and maintains the prosperity and stability of the region. In addition, it feels that because of events in World War II, the countries of Asia have become wary of Japan becoming a big political and military power. Japan's maintenance of the Japan-U.S. security treaty helps eliminate apprehension in these countries. It "enables each country to accept Japan's greater political and economic role in Asia." It is noteworthy that not long ago the Japanese prime minister's private consulting organization, the "Forum on Defense Affairs" proposed that the scope of the Japan-U.S. security treaty should be "limited not just to Japanese-American defense matters, but made one of the hubs of an Asia and Pacific region security support system." This is to say an expansion of the role of the Japan-U.S. security treaty to the Asia-Pacific region.

Yet another noteworthy issue is that in the process of transition from bipolarity to multipolarity in international relations, and with a steady narrowing of the gap between Japanese and American economic strength, Japan's independence from the United States and autonomy have increased further. Japan strongly hopes to play a role as "equal partner" with the United States on the international stage. As long ago as May 1990, the administrative vice-minister of foreign affairs at the time, Naoichi Kuriyama, wrote that today when the economic gap between Japan and the United States is steadily narrowing, "the age of Japan's sole reliance on the United States has passed. Japan and the United States—two advanced democratic countries—are in a position, along with the EU, of being jointly responsible for world peace and prosperity." This is to say that Japan wants to become an equal partner with the United States and Europe. During his visit to Japan in early 1992, President George Bush's statement that Japan and the United States are "equal partners" showed that Japan had begun to be in an equal position with the United States. Militarily, ranking leaders in the Self-Defense Force [SDF] justifiably called for "independent" expansion of the armed forces. In May 1993, SDF Chief-of-Staff Maichi Saku proposed that Japan establish a "functionally complete self-defense force." By "functionally complete self-defense force" is meant "getting away from the current situation in which it exists as an auxiliary to the American armed forces, enabling it to become a 'national military force' that stands shoulder to shoulder with those of advanced countries." Maritime SDF Chief-of-Staff Chiaki Hayashizaki wrote in February 1994: "The Maritime SDF's equipment is unbalanced today. One hundred percent of its mobile strike force comes from the American Seventh Fleet." "Continuing in this way is not necessarily good." Naturally, his meaning was that Japan must develop its own mobile strike force in the future. Incumbent high-level SDF leaders' continuous expression of such views was a rarity in the past. Yet another conspicuous manifestation of Japan's quest for independence and autonomy occurred when Japanese Prime Minister Morihiro Hosokawa

visited the United States in February 1992. During negotiation of a new economic agreement between the United States and Japan, Japan said "no" for the first time in opposition to America's demand that Japan set a "numerical quota" for American products, thereby precipitating a rupture in Japan-U.S. negotiations.

2. Increasing economic frictions between Japan and the United States cannot be easily solved. The rupture of negotiations during Hosokawa's visit to the United States produced tension for a time in relations between Japan and the United States. First, the United States announced that Japan had not lived up to the agreement between Japan and the United States on the importation of American mobile telephones, so it was going to issue "sanctions" against Japan (a solution being found later only after Japan yielded). Next, Clinton declared intention to invoke the "super 301 provisions" against Japan. He warned that unless Japan yielded on a new economic agreement, he would take "retaliatory measures" against Japan. At the same time, in order to improve the Asia-Pacific environment, the United States readjusted its Asia-Pacific policy, including softening its tough stand against Japan. Japan yielded correspondingly; thus, on 2 October 1994, the two nations reached an agreement on Japanese government procurement, insurance, and plate-glass issues for a temporary easing of the tension in relations between Japan and the United States. Nevertheless, economic frictions between Japan and the United States were not resolved. One of the fundamental reasons leading to an intensification of economic friction was the continued rise in the adverse balance of trade with Japan, which reached \$59.4 billion in 1993, up \$9.7 billion from 1992 for an all-time high. It will remain high during 1994. This set off new conflicts. Second was failure to reach agreement about the importation of American automobiles and spare parts. Automobiles and spare parts account for two-thirds of America's deficit with Japan. The United States cannot relent, and Japan is unwilling to yield further. It appears that negotiations will continue to be very difficult. If agreement cannot be reached, the United States will institute sanctions, thereby intensifying conflicts even more.

3. Outlook for Japan-U.S. relations. For both Japan and the United States, the joint benefits from maintenance of mutually close relations outweigh the mutual conflicts. In addition, the intertwined economies of the two countries makes separation difficult. Therefore, there will be no worsening of relations between the two countries in the foreseeable future. Relations between the two will be maintained and develop through cooperation and competition and through battle for control and countercontrol.

Huang Fanzhang [7806 5400 4545] (deputy director and research fellow, Economic Research Institute, State Planning Commission): **The Asia-Pacific Region is the main battleground in which the United States and Japan contend for foreign investment.**

1. Following the end of the Cold War, when economic cooperation is moving ahead in the Asia-Pacific region, China is facing a new situation of three large, medium, and small "triangular relationships." The big triangular relationship is among China, the United States, and Japan, the medium-sized relationship is China, the four small dragons, and ASEAN, and the small triangle is the mainland, Hong Kong, and Taiwan. I have already written an article proposing a strategic approach of "using the small triangle as a foothold, winning a position in the medium-sized triangle, and moving about in the big triangle."

I have termed relations among China, the United States, and Japan a "big triangle" not only because the United States and Japan are world economic powers and because China is both a "political power" and the developing country that has greatest economic development potential, but also because any change in bilateral relations among these three countries (whether good or bad) will have an effect on the region's overall situation. This means that the governments of the three countries must adopt highly responsible and prudent attitudes in handling bilateral relations among them. Naturally, changes in bilateral relations among them can cause serious concern for the governments and people of all countries in the region. This is particularly true of relations between Japan and the United States.

2. The Asia-Pacific region remains the main battle ground for economic conflicts and clashes between the United States and Japan. With the development of economic regionalization and the establishment of common markets, with establishment of the North American Free Trade Area [NAFTA] and the decision to establish a Pan-American Free Trade Area before 2005, only the Asia-Pacific region, particularly East Asia, is not only permeated with vitality, but its economic regionalization is fairly low. It provides substantial room for contention.

For a long time, Japan has steadily widened its economic and trade contacts with Asia, particularly East Asia, through industry transfers and the import-export trade that has occurred in conjunction with its own restructuring and industrial upgrading. By contrast, Europe has always been the strategic focus of the United States to the neglect of Asia. Pressured by events in recent years, America has expanded its stake in Asia and has also actively expanded economic and trade relations with Asia. In recent years, America's sales to Asia have increased an average of 10 percent per year, which is higher than its sales to any other region. Reportedly, America's present volume of trade with Asia totals more than \$374 billion per year, or almost 40 percent of America's merchandise trade with the world. America's direct investment in Asia stands at \$92 billion. Clearly, for both the United States and Japan, Asia, and particularly East Asia, is an area of crucial economic interest. It is an area in which the United States and Japan are bound to be future rivals.

3. In order to penetrate East Asia economically, during the 1980s Japan proposed and put into effect a "flying wild goose column" strategy in which Japan is the "head goose," and the four small dragons and ASEAN are the two columns with Japan's transnational corporations making industry transfers. During the Cold-War era, Japan had to rely on the United States for trade and technology; militarily and politically, it had to shelter even more under America's nuclear umbrella; consequently, it resorted to a strategy of concealing its capabilities and biding its time, moving ahead quietly.

At that time, America's attention was focused mostly on Europe. America adopted a "bilateral policy" or promoted NAFTA to deal with exclusionary blocs. In the Asia-Pacific region, the United States also relied heavily on "bilateral" tactics, working from its bilateral relationship with Japan and using U.S.-Japan, U.S.-South Korea, and U.S.-Australia bilateral relations as a nucleus and a framework in an effort to promote a so-called "fan-shaped" strategy in East Asia.

4. Circumstances changed somewhat following the end of the Cold War. Although Japan continued quietly to push its "flying goose column" strategy as before, because of its diminished need to rely on America's nuclear umbrella, not only did it cause more economic friction with the United States, but it also raised the cry of "a Japan that dares to say 'no'," and openly sought "political big power" status.

Faced with a booming East Asian economy, the United States also adjusted its Asia-Pacific strategy somewhat, namely increasing Asia's share in its strategy. Tactically, it switched from "bilateralism," to "multilateralism." Preaching "open regionalism," it actively used APEC to promote regional economic cooperation, hoping to establish an "Asian Economic Community" headed by the United States. It was under these circumstances that the United States linked "most-favored-nation treatment" with "human rights issues" in U.S.-China bilateral dealings. Under impetus from the United States, the "Bogor Declaration," which was passed in Indonesia in 1994, announced a timetable for Asia-Pacific region developed nations and developing nations to promote trade liberalization in 2010 and 2020 respectively.

Naturally Japan had misgivings about America's active promotion of "Asia-Pacific cooperation" under American aegis, but it did not want to come out openly against the United States. Although Japan secretly favored Malaysian Prime Minister Datuk Seri Mahathir Mohamad's open clash with the United States, it did not openly say so. It did not dare support Mahathir's proposal for founding of an East Asian Economy Nuclear Forum that includes Japan, China, South Korea, and ASEAN, but not the United States. Mahathir showed open dissatisfaction at Japan's "softness." This was the tactic of "hiding capabilities and biding time" that Japan wanted to maintain.

5. What is the trend of U.S.-Japan contradictions? Let me present the following several views: 1) Both the

United States and Japan want to expand overseas markets and investment arenas. The main battleground in their rivalry for overseas markets and investment areas is the Asia-Pacific region or East Asia. 2) Japan will continue its "hiding capabilities and biding its time" tactic. Even though the Cold War is over, Japan not only needs the American market and technology, but it also needs full U.S. support on a series of major issues (such as permanent UN Security Council membership, its northern territories problem, and security problems).

The United States will continue to use APEC to realize its preeminence in economic cooperation in that region. In particular, it will use "eminent persons groups" (EPG) to design and promote various plans. So long as Japan does not use multilateral organizations in an open collision with the United States, the United States will value "cooperation" between itself and Japan. Predictably, the United States and Japan will either openly or secretly link hands in the Asian Regional Forum to get rid of the so-called "territorial sovereignty issue," the "collective security" issue, and even the "China threat theory." They want to both restrain China and "deter" East Asia. The thing that perplexes the United States and Japan most is seemingly clear evidence that Russia will expand once it gets out of its economic difficulties. In short, economic conflicts and clashes between the United States and Japan are fundamental and enduring, their "alliance" will be temporary. Should another threat of Russian expansionism occur, that will be another story.

Jiang Xiaoyan [1203 2556 3601] (assistant research fellow, Chinese Contemporary International Relations Research Institute): In continuing, I will express some views about the rivalry between Japan and the United States in the Asia-Pacific region.

1. The world economy has entered an era of unprecedented competition in which the Asia-Pacific region will be the main battle ground for rivalry between the United States and Japan.

Because of the reduced danger of a major war following the end of the Cold War, the developed nations began an all-out quest for economic returns. The nations that formerly operated centrally planned economies also became market economies through a series of reforms. Developing nations are vying with each other to bring in capital and technology to make an economic take-off. The obstacles that often existed between one country and another are crumbling rapidly. One might say that the world economy is entering a period of global competition. The Asia-Pacific region is bound up with the interests of the United States and Japan. In this competition on an unprecedented scale, the Asia-Pacific region has become the main arena for struggle between the two economic powers, the United States and Japan.

A) The Asia-Pacific region is the world economic growth center. The United States and Japan must draw support from the harnessing of economic growth in the Asia-Pacific region to give impetus to their own economic

growth. A Japanese economic research center predicts that Asia will maintain 8.6 percent economic growth during the 1990s, the highest in the world, but America's and Japan's growth rate will be only 2.2 and 2.7 percent respectively.

B) Tremendous growth markets exist in Asia. The United States and Japan must improve their economic relations with this region and expand exports to increase domestic employment and ease their increasingly serious unemployment problems. The countries in Asia that formerly pursued a planned economy system and a closed economy system have a population of 2.5 billion that offers an enormous potential market. With the changed approach of these country's planned economy systems, and the change from a closed to an open economy, these potential markets are becoming "enormous growth markets."

2. The United States and Japan have begun to compete in the Asia-Pacific region. A) Competition centers around preeminence in APEC. With the shift in America's economy toward the Asia-Pacific region, the United States has begun to show interest in Asia-Pacific regional economic cooperation. In July 1993, American President Clinton proposed a "Pacific Ocean Commonwealth," and actively encouraged and supported the convening of the first information conference of APEC heads of state. His goal was to gain preeminence in APEC for the fashioning of an economic, political, and military order headed by the United States in the Asia-Pacific region.

America's active involvement in APEC makes Japan feel threatened. Japan has always regarded East Asia as where its own fundamental interests lie. It is here that it has actively sought to build a regional economic bloc based on the "wild goose model" with Japan at its center, later expanding toward a wider Pacific Rim region, and finally establishing an East Asia Economic Commonwealth in which Japan plays the leading role. America's active participation in APEC made Japan feel that the fruits that had begun to be gained from Asia-Pacific cooperation centering around Japan might be taken from Japan's hands. Thus, Japan emphasized that the APEC should be purely an economic organization. It should not become a regional political and security organization. Moreover, in response to the demands of developing countries in the Asia-Pacific region, Japan said that APEC should do some things, particularly those pertaining to developing economy members, developing cooperation in the fields of manpower resources, medium-sized and small enterprises, and infrastructure. Japan also used the apprehensions of countries such as China and ASEAN about America's leading Asia-Pacific economic cooperation to launch an active diplomatic offensive. It constantly adopted a posture of serious concern for Asia in the hope of winning the support of China and ASEAN in APEC to maintain its own dominant position in APEC.

B) Vying to improve relations with all the countries of Asia. The Clinton administration gradually realized that its high pressure policies on human rights and trade negotiations evoked only resentment from Asian countries, and that it was not in keeping with America's fundamental interests. Consequently, America's Asia-Pacific policy began to change from "idealism" to "realism." It adopted "conciliatory" tactics toward Asian countries, developing relations with each country. By decoupling human-rights issues from most-favored-nation treatment in trade, American improved its relations with China. It took the initiative in approaching Myanmar [Burma], proposing that if Myanmar would adopt economic deregulation policies, it would consider cancelling sanctions against it. It cancelled sanctions against Vietnam, repaired relations with India, and actively supported the ASEAN Regional Security Forum. By readjusting its foreign relations with the Asia-Pacific region, the United States paved the way for the entry of American business into the region for an expansion of America's economic presence, and the winning of economic benefits.

Japan improved its relations with the ASEAN countries in a counter move. In 1993, U.S. Secretary of Treasury Lloyd Bensen engaged in shuttle diplomacy in Asia. After he visited Indonesia, Thailand, and China, Japan immediately sent government officials to Indonesia, Malaysia, and Thailand to discuss greater economic cooperation. Right after taking office, Japanese Prime Minister Murayama set off on a visit to four countries in Southeast Asia in the course of which he explicitly adopted a posture of war responsibility in an effort to court goodwill in each country. Japan's diplomacy with Southeast Asia, which centers around economic cooperation and civilian investment, is improving dialogue and cultural exchanges for the building of more broadly based relations. The goal is to seize opportunities for improving "all-around cooperation" with each country in Southeast Asia during the "new era in Southeast Asia" in order to build "a partnership in preparation for another take-off," to sweep away obstacles to Japan's becoming a new political power and to win the support of ASEAN in all regards.

3. Active efforts made to gain new and developing markets in the Asia-Pacific Region. In 1992, America's trade with 10 countries of Asia other than Japan and Taiwan amounted to \$186.6 billion, surpassing the volume of trade between the United States and Canada (\$185.8 billion). America's annual volume of trade with the Asia-Pacific region is 50 percent greater than its volume of trade with Europe. Exports to the Asia-Pacific region created 2.5 million employment opportunities for America. United States statistics show that by 2010, America's exports to Asia will reach \$248 billion; therefore, the United States will shift its focus to encourage exports to the new and developing nations of the Asia-Pacific region and to urge these countries to reduce their trade barriers. As part of its urging American firms to expand exports, the United States government has begun commercial diplomacy,

taking the initiative to build bridges for business concerns. The Import-Export Bank has increased financial assistance to Asian exporting firms. "Japan Incorporated's" experiences with the use of state power to serve business has begun to be used by the American government.

Japan's trade with Asia has also developed by leaps and bounds. In 1983, Japan's exports to the United States were one-third more than to Asia, but in 1991, Asia surpassed the United States to become Japan's largest export area. Trade between Japan and Asia totaled \$185 billion in 1992, exceeding the volume of trade between the United States and Japan (\$148 billion). In 1993, for the first time, Japan's favorable balance of trade with Asia exceeded its favorable balance of trade with the United States.

The United States used to hold the lead in direct investment in Asia, but since the 1980s, Japan has used the rise in value of the yen to expand its investment in this region steadily. Economic Cooperation Organization (ECO) statistics show that between 1980 and 1985, American and Japanese direct investment in Hong Kong, South Korea, Malaysia, Singapore, Taiwan, and Thailand accounted for a respective 35 and 20 percent, 49 and 30 percent, 10 and 23 percent, 50 and 14 percent, 40 and 26 percent, and 31 and 27 percent of the direct investment that these countries and territories received. Except for Malaysia, America's investment was vastly greater than Japan's. However, between 1986 and 1990, these percentages changed to a respective 25 and 46 percent, 31 and 46 percent, 5 and 26 percent, 39 and 37 percent, 21 and 33 percent, and 11 and 44 percent. Except for investment in Singapore, where the United States was somewhat higher than Japan, the United States lagged far behind Japan in investment elsewhere. A Japanese Ministry of International Trade and Industry [MITI] survey shows that Japan's direct investment in Asia increased 87.5 percent in 1993. At this rate, by the end of the present century, Asia will become the largest recipient of direct investment from Japan. In order to turn this unfavorable direct investment situation around, American businesses have begun hot pursuit, steadily expanding their investment in the Asia-Pacific region, particularly in fields such as finance and banking, telecommunications equipment, and power generating machinery in which the United States holds an advantage. It is rapidly catching up with Japan. The two nations are engaged in a new rivalry.

3. [numbering as published] Despite the contradictions and steadily deepening rivalry between the United States and Japan, the two countries still have numerous common interests based on a common viewpoint, values, and a joint-security strategy. While engaging in rivalry, they will continue to cooperate.

For Japan, the Cold War has not ended in Asia. Russia still has 320,000 troops in the Far East, and nuclear submarines carrying nuclear weapons still patrol the Sea of Okhotsk. Japan also regards China's modernization of

its navy as a threat to the security structure in East Asia. Since Japan needs to maintain a political and military presence in the Asia-Pacific region, the U.S.-Japan alliance will not change. The two sides will continue further strengthening of coordination and cooperation in the military realm. For the United States, American trade with the Asia-Pacific region is one and one-half times its trade with Europe. America's trade strategy is tilted more toward the Asia-Pacific region than in the past. While improving cooperation with the Asia-Pacific region, the United States also needs to cooperate with Japan. America's active participation in Asia-Pacific affairs can restrain the Asia economy from tilting in the direction of exclusionary regionalism, and it is also consistent with Japan's interests. Therefore, both sides will contain both rivalry and cooperation in the Asia-Pacific region.

U.S.-Europe Relations

Chen Chaogao [7115 2600 7559] (assistant research fellow, Chinese Contemporary International Relations Institute): Since the end of the Cold War, differences have steadily increased between Europe and the United States on economic, security, and foreign relations matters, with their alliance weakening commensurately, but their interdependence still dominates. Thus, mutual competition and frictions have also increased at the same time.

1. Continued development of interdependence between Europe and the United States

A) Western Europe and the United States are the world's largest traders. They are major export and import partners. Statistics show that between 1990 and 1992, European (including the European nations in the ECO and Turkey) imports from the United States climbed from more than \$124.16 billion to \$127.66 billion in a 2.8 percent increase. Europe's exports to the United States declined slightly from \$113.65 billion to \$111.06 in a 0.3 percent decrease. During these two years, Western Europe's exports to the United States accounted for a respective 7.3 and 6.9 percent of its total world trade. During this same period, U.S. imports from Western Europe rose from \$108.14 billion to \$110.2 billion, up 1.9 percent, and its exports to Western Europe rose from \$112.22 billion to \$116.42 billion, up 3.7 percent. During these two years, America's trade with Western Europe accounted for a respective 21.5 and 21.8 percent of its total world trade. Relatively speaking, America's dependence on Western European markets is much greater than Western Europe's dependence on American markets. At the same time, however, the United States is Western Europe's largest export market.

B) Europe and the United States remain the largest investment arena. Despite changes in Europe's and America's foreign investment patterns since the beginning of the 1990s, the two remain the largest arena for mutual investment. Statistics show a rise in cumulative direct Western European investment in the United

States from \$241.5 billion in 1990 to \$270.77 billion in 1993, a 12.1 percent rise. Nevertheless, this investment has slowed in comparison with the more than 16 percent annual increase during the late 1980s. During the same period, U.S. cumulative investment in Western Europe increased from \$228.52 billion to \$269.16 billion, up 9.3 percent. The general trend is greater American reliance on Western European capital than European reliance on American capital. However, Europe and the United States are each other's largest areas for direct investment and profits.

It was with this in mind that during his visit to Europe in 1994, American President Clinton constantly reiterated that Europe is where America's main interests lie. America holds the advantage in European-American trade relations, such as its tremendous favorable balance of trade and its attraction of more European capital. At the same time, however, America's dependence on Western European markets is increasing steadily. Furthermore, Western Europe is also obtaining greater market share, large quantities of capital, and much sophisticated technology and equipment from the United States. Clearly, economic and trade relations between Europe and the United States remain important to both. It is anticipated that for a long time to come, economic and trade relations between Europe and the United States will continue and develop.

C) In the political and security fields, Europe and the United States still have common interests. In the wake of the Cold War, Europe and the United States are pondering ways to consolidate and develop political and security benefits stemming from the dramatic changes in eastern Europe and the dissolution of the USSR, so that these countries will continue to develop in the direction that the West desires. They are also trying to find ways to exert further pressures on socialist countries in order to advance their "Westernization" strategy. During the past several years, Europe and the United States have exerted various pressures on developing nations, including promotion of so-called Western human rights value concepts and the Western political system. Despite certain differences and contradictions between Europe and the United States in their handling of developing nations, their overall strategy and policy is the same. Following the end of the Cold War, long-term disturbances in areas of the former Soviet Union and the Balkans have troubled Europe's political and security situation. This chaotic situation directly threatens the security and stability of Western Europe; thus, it strikes at America's and Europe's fundamental interests. Western Europe has long regarded the United States as the protector of its political and security interests, and the United States, in turn, regards Europe as a base and backstop for the maintenance of its leading position in Europe and the world. With the gradual revival of nationalism in Russia, its policies and attitude toward the West have toughened, increasing European and American apprehensions and concerns. Consequently, relations between Europe and the United States, which

turned chilly for a time following the Cold War, have eased. Clinton has visited Western Europe three times for the purpose of repairing and strengthening relations between Europe and the United States in order to deal with the emergence of a situation that might be detrimental to Europe.

2. Sharpened clashes of trade and security interests between Europe and the United States.

A) The battle for export markets has intensified. The battle between Europe and the United States to get export markets has become increasingly clear and open in recent years. Instances of attacks on each other have been common. European nations generally use soft loans to promote the export of electric power and high technology equipment, which puts American firms at a disadvantage. One American survey report condemned Germany for "not living up to its international responsibilities," and "violating international agreements" in using soft loans to help its companies enter the China market. It condemned the governments of European countries for frequently violating the Helsinki Agreement under the terms of which ECO-member nations are to reduce the use of soft loans to assist exports. The U.S. Department of Commerce emphasized that rivalry for large world projects is currently mostly between the United States and Europe; consequently, it demanded that the U.S. government "must revive with all possible speed" the Trade and Development Board, and the Import-Export Bank should provide "more liberal assistance" to counter the "soft loan competition" coming from Europe. However, the European nations did not take this lying down. They pointed out that the United States "uses export subsidies to shut Europe out of the world wheat market." France condemned the Americans for having "locked" the main gate to the European wheat market; consequently, Europe "cannot meet" the continued challenge from the United States.

B) In the financial and monetary realm, frictions occur repeatedly between Europe and the United States, and clashes of interests are increasingly apparent. Germany's Minister of Economics condemned the United States saying that the American government lacks a coherent policy for supporting the dollar. Germany's central bank noted further that the United States has relied on the influx of foreign money to make up for its low savings rate. The slide in American exchange rates is attributable to the large outflow from the United States of long-term capital, particularly the outflow of Japanese capital. This shows that "deep-rooted structural problems" exist in the United States.

C) A battle for markets is unfolding everywhere. Europe is trying to improve economic relations and trade cooperation with developing countries and regions to improve its competitiveness with the United States. During 1995, the EU has continued to propose the establishment of a free trade zone with North African and Middle Eastern countries on the south coast of the

Mediterranean, the signing of free trade agreements with Arab-Magreb countries and South Africa, and the mapping of a strategy to improve trade and investment with Asia-Pacific countries, particularly ASEAN and China. It is particularly noteworthy that the EU has decided, in principle, to increase economic and government financial assistance to central and eastern European countries, to liberalize trade conditions further, and to open eastern European markets. It is also considering bringing central and eastern European countries into the EU by the end of the present century. The EU is doing this in preparation for the battle for markets primarily with the United States and secondarily with Japan and the newly emerging industrializing nations and territories of Asia.

D) Differences over European security problems have deepened further. An example is solution to the Bosnia-Herzegovina warfare problem. The EU has done all possible, including the use of peace-keeping forces in the areas concerned and weapons embargoes, in an attempt to separate the combatants, and it has held political negotiations in a quest for peace. After the Serbs refused to accept the Western peace plan, the Clinton administration unilaterally announced cancellation of its arms embargo against the Muslim government of Bosnia-Herzegovina. Fearing a worsening of the Bosnia-Herzegovina war situation, and that the lives of the members of their peacekeeping forces might be endangered, the European countries condemned this action of the United States as creating an "extremely grave crisis," and as "having a serious effect on relations between both sides of the Atlantic Ocean." Another example involves Europe's defense. The United States seeks to continue its NATO leadership role, but the EU's intention is that it will gradually supplant NATO with EU defense. The NATO crisis is turning into a crisis in relations between the two sides of the Atlantic.

Li Juan

(tics Department, Beijing University): I would like to state some views on new post-Cold War-era relations between the United States and Europe, particularly structural trade differences:

With the end of the Cold War, the need for joint U.S.-European resistance to the Soviet threat ceased to exist, and cohesion diminished sharply. As Europe's security situation improved markedly, economic factors and economic competition came to the fore. The United States sought to establish a new world order under its leadership, and to play the leading role in relations between the two sides of the Atlantic and in NATO. However, western European nations clamored to "fight for an equal partnership." In recent years, some voters and interest groups have appeared in European countries who do not value relations between the two sides of the Atlantic. They have gained substantial rights to speak out on behalf of each nation deciding its own policy regarding trans-Atlantic relations. The result of all this has been that relations between the United States and the EU have entered a new phase of development. As one

British publication said, "relations between the United States and Europe consist of competition and cooperation," rather than a "harmonious partnership." The two sides depend on each other and compete with each other. Conflicts are rampant and coordination difficulties have increased. Not only have the conflicts and friction ramified into the future of NATO, European security arrangements, tactics for dealing with regional issues such as Bosnia-Herzegovina, and disagreements over approaches, but they are also expressed strongly in economic relations and trade. In the economic and trade realm not only are their battles over policy and activities such as protection and antiprotection, limitations and counterlimitations, dumping and antidumping, and sanctions and countersanctions, but also differences about the ingrained organizational structure.

According to the analysis of a Western publication, the major American and European differences over the economic relations and trade system are three: 1) Regarding economic strategy and macroeconomics, the United States mostly feels that economic growth and economic operation are more important than stable exchange rates, while the European view is largely that the stability of exchange rates is a precondition for the maintenance of steady economic growth and the avoidance of currency inflation. 2) The EU's policy regarding trade and investment is founded largely on mutual recognition and sovereign countries' exercising control. This is the way the unified European market works. In the United States, trade and investment is founded broadly on the national treatment principle. On the basis of this principle, foreign suppliers, foreign service trades, and foreign investors may enjoy the same treatment as home country suppliers. However, these two principles conflict and contradict each other in many crucial areas of domestic American and European laws and regulations and in multilateral system contacts under GATT. The national treatment principle contains clear-cut provisions and is easy to apply, but it also means that each government is able to draft national laws and regulations that may restrict trade. Unlike the unified European market, the method founded on national treatment limits the effect of global economic integration. 3) Differences also exist between Europe and North America on a market economy model. Europe has numerous forms of capitalism. Among the distinctive ones that play a substantial role, one is called Rheinland capitalism, which is founded on a long-term relationship among investors, suppliers, and customers, which places less emphasis on capital markets, a series of clear-cut rules and regulations, and wide-ranging consensus among interest groups. An Anglo-Saxon market economy is founded on the following: short-term financial behavior; large, open capital markets; non-regulation; and competition among individuals and interest groups with no unanimity of views. Japan's market economy is closer to the European Rheinland type rather than the Anglo-Saxon type. In short, structural differences in trade existed between the United States and

Japan even during the Cold War period, but they were not evident. With the end of the Cold War, they have come out into the open.

Li Baowen [2621 0202 2429]: (assistant research fellow, Chinese Contemporary International Relations Research Institute): I will focus on how cooperation between the United States and Europe is greater than the differences between them. With the end of the Cold War, and the steady political and economic rise of the Asia-Pacific region, the center of United States foreign policy has tended to shift eastward, but overall, Europe remains its strategic focus. Cooperation between the United States and Europe is greater than their differences, and coordination is greater than conflict, particularly on major issues of common interest on which unanimous agreement can still be attained. The main reasons are as follows:

1) The United States and Europe have a similar culture and values, and they also have a long relationship as allies. America's 1994 "National Security Strategy Report" emphasized that "the long-term goal of the United States is establishment of a world in which every major country is a democracy," and strengthening of relations with Europe is an important link in the realization of this goal.

2) Following the dissolution of the USSR, the United States became the world's only superpower, and conflicts between the United States and Europe over control and countercontrol also intensified. However, the United States believes that a unified Europe not only poses no threat to America's security, but rather is in keeping with America's interests."

A) The three mainstays of the Clinton administration's domestic and foreign policy are economic security, military strength, and global democratization, and the key one is economic security. A unified and prosperous Europe can carry more responsibility in the world, thereby reducing the burden on the United States. In addition, America's investment in Europe is still greater than elsewhere. The development of economic relations and trade is a need of both the United States and Europe.

B) Under present circumstances, Europe's unification helps harmonize relations among Europe's big powers—Germany, France, and the UK. Following unification, Germany's political influence steadily increased, arousing alarm in other countries. Incorporating a unified Germany into a unified Europe and improving European big power relations helps eliminate elements for instability in that region.

C) Following the evolution of eastern Europe and the dissolution of the USSR, both the "democratic system" and the "market economy" of these transitional nations remained very fragile. Preventing a reversal in these countries, and making these nations a part of the "big democratic family" is a common strategic goal of the United States and the EU. Nationalist forces have risen

in Russia, and it is demanding revival of its big power status. The United States feels that a unified Europe will not only help develop relations with Russia, but also restrain the development of Russian chauvinism.

3. Following the American mid-term elections, the Republican Party controls both houses of Congress; consequently, the Clinton administration's foreign policy will be somewhat restricted. Nevertheless, it will not change fundamentally. America's policy toward Europe, which will still be premised on maintenance of America's leading role, doing all possible to permit Europe to assume greater political, military, and economic responsibility to enable the United States to concentrate its energies on invigorating its economy and maintaining its status as the world's only superpower.

On European Big Power Relations

Yang Zugong [2799 4371 0501] (research fellow, Europe Research Institute, Chinese Social Sciences Academy): I will focus on a discussion of the triangular relationship among Germany, the UK, and France, and related problems. The factors having a substantial bearing on the landscape of Europe are the dissolution of the Soviet Union and dramatic changes in eastern Europe, unification of the two Germanys, and Europe-U.S. relations. The changes that these three factors have wrought are now discernible, and will develop in the future.

The main change is the marked rise in Germany's position in Europe following unification. Germany has the greatest economic strength in Europe, and plays a role as a "locomotive" in the development of Europe's economy. The monetary crisis that occurred in 1993 shows that the Deutschmark can control development of Europe's economy. Another factor is Germany's position. Following unification, Germany became the center of Europe. However, this also causes certain problems for Germany. Today, many of Europe's contradictions focus on Germany. Despite amelioration of economic problems, internal contradictions and contradictions between Germany and other countries are gradually coming to the fore. The Germans themselves repeatedly emphasize that Germany is powerful, but is it is not so strong that it is able to deal with an alliance of neighboring countries. Both German officialdom and the public realize this. They both know that neighboring countries are very frightened of Germany's power. Related to this is another change, namely readjustment of the triangular relationship among Germany, France, and the UK. Following World War II, relations among Germany, France, and the UK played a decisive role on the direction that Europe would take. Nevertheless, this "small triangle" was never able to form an equilateral triangular relationship. The "Franco-German axis" provided the power and support for the European alliance. Following the end of the Cold War, even though France and Germany continue to be each other's principal ally, the "Franco-German axis" has loosened. On numerous important issues, France and Germany used to coordinate their position and act in concert in foreign affairs

through discussions and exchanges at annual heads of state conferences. Today, however, Germany frequently acts first on some issues, and France sometimes does not bother to talk with Germany and the UK. The position of France and the UK on European security issues has become closer recently, and they have increased cooperation. Both France and the UK were extremely upset about President Clinton's open endorsement of Germany as the leader of Europe, and his removal of the embargo on weapons to the Bosnia-Herzegovina Muslims. Major disagreements occurred between France and Germany over expansion of the EU into eastern Europe, on the European Currency Union, and on the Uruguay round of GATT talks. However, the UK had a clash of interests with France on the EC's fiscal subsidy policy, its position being close to that of Germany. It is still too early to say that the "Franco-German axis" cannot be revived or that is completely broken, but the direction in which a equilateral triangular relationship among Germany, France, and the UK is moving will bear watching.

To a very large extent, geopolitical rules are a power contest among big powers. In the final analysis, the structure of Europe will be determined by the relative strength of Germany, France, and the UK, and by the changes in their domestic situation. Germany has now become the political and strategic center of Europe. Sooner or later, Germany, which is economically strong, and whose currency, in particular, plays a decisive role in Europe will play a greater role in Europe and internationally.

West-West contradictions are one of several basic contradictions in the modern world. They are real. The recent changes in the triangular relationship among Germany, France, and the UK, and in relations between Europe and the United States demonstrate that with the end of the Cold War pattern of East-West confrontation, differences and clashes of interests among the Western nations have truly become more evident. Nevertheless, one cannot suggest on this basis that the rise in West-West contradictions has become the major contradiction in the contemporary world. Clashes of economic interests, disagreements over strategy or tactics, and national or cultural differences exist among them, but after a period of wrangling, they are always able to devise ways of finding a temporary compromise. At crucial moments, they remain united against the outside, maintaining their alliance relationship.

Recent changes in the triangular relationship among Germany, France, and the UK and between Europe and the United States also show that despite the trend toward international economic integration, regional political cooperation, and establishment of a collective security system, and despite Europe's marked achievements since the end of World War II, under most circumstances, each country still puts the principle of "ethnic and national interests first." The countries of Europe are numerous, their peoples varied, and some nation states remain in a state of turmoil and constant reorganization.

Different interest relationships and historical origins exist among nation states. Among Germany, France, and the UK and between Europe and the United States contradictions and conflicts exist in the economic, political, military, and cultural fields. All do everything possible to protect the rights and interests of their own nation state. They can compromise and come to terms, take united action, and adjust home country policies only on issues on which their individual national interests are the same or when their basic interests do not suffer. The intricate and complex contradictions and interest relationships among the nations of Europe and between Europe and the United States illustrate this point. In addition, in order to safeguard their own interests, they bend every effort to maintain the impetus of European unity and safeguard the alliance between Europe and the United States and to increase economic, political, and military cooperation or coordinate mutual action.

Fang Zhongxia [2455 0022 7209] (researcher, Chinese Contemporary International Relations Research Institute): I will talk about some contradictions in relations among Germany, France, and the UK, the reasons for them, and prospects.

1. Principal manifestations of changes in relations among the three powers and their contradictions:

A) In the economic realm, Britain and France are unhappy about Germany's high interest rates. A financial crisis occurred in Western Europe during the autumn of 1992 and the summer of 1993, the British pound sustained grievous losses and withdrew from the European monetary system. The French franc also suffered serious damage. The reason was Germany's maintenance of a high interest rate policy. Although German interest rates have declined gradually, an EU finance ministers conference has been set, and the various currencies in the European exchange rate mechanism fluctuate 15 percent above and below the central exchange rate, the UK is still unwilling to return to the European monetary system. This causes complaints from both Germany and France. On trade, particularly the subsidization of farm products, British and German conflicts with France are rather glaring. Both Britain and Germany practice a free trade policy, but France pursues protectionism. France derives most benefit from the EC's agricultural subsidies. Agricultural subsidies account for a substantial portion of the EU's budget. This puts a fiscal strain on the EU. Furthermore, Germany and the UK contribute most to the EC, so both countries want France to reform its agricultural policy.

B) On building the EU, Germany advocates simultaneous broadening and deepening, but France advocates broadening after deepening. Britain, however, approves broadening but does not want deepening. Germany and the countries of eastern Europe have traditional economic interests, and Germany has invested greatly in that region since the end of the Cold War. If the EU

expands eastward, Germany will be in the center of the EU, thus its security position will be enhanced. France fears that once the EU expands, the balance of power will favor Germany to the detriment of France's dominant position in the EU. Therefore, France advocates further building of the EU first, with broadening coming later. "Britain hopes that the EU will become a loose free trade zone, so it favors broadening. On the ultimate goal for building the EU, both France and Germany originally proposed the unified founding of a federal-style "Republic of Europe." France hoped that integration would tether Germany. Recently, however, France has begun to worry that if Europe institutes a federal system, Germany will restrain France, so it has backed off somewhat. Recently, Francois Mitterand said there is no need for haste on this issue. Britain has all along opposed the establishment of a federal Europe, fearing loss of its sovereignty and its big power status.

C) In the diplomatic field, the extent to which each of the three powers pursues its own course has increased markedly. Germany rushed to recognize the independence of Croatia and Slovenia without consulting the EC. When the conflict in Bosnia-Herzegovina escalated recently, and the United States announced a halt to the weapons embargo on Bosnia-Herzegovina, the British and French reaction was strong, only Germany expressing approval. In addition, Germany has done all possible to expand its influence in central and eastern Europe and in Russia. This has also aroused British and French apprehensions.

D) In the security and defense field, conflicts have always existed among Germany, France, and the UK. France and Germany emphasize establishment of an independent defense system for Western Europe, but the UK argues that NATO should not be affected on this account. Recently, because of the "dilution of the "special relationship" between the UK and the United States, and out of a desire to splinter the Franco-German axis, Britain has improved relations and defense cooperation with France. The two nations signed an agreement on a "British-French European Military Team." Germany was somewhat displeased about the UK and France drawing together. On the eastward expansion of NATO, France maintains a negative attitude. The views of Britain and France are close with only Germany favoring it.

2. The changes and conflicts in relations among the three powers have a **deeply rooted international and domestic background.**

A) Changed international situation. The Franco-German axis began during the early 1960s. France used it as a counterweight to the United States and the USSR to establish big power status. Germany used it to improve its defeated-nation image. Faced with the powerful USSR, the alliance between Germany and France became closer during the Cold War era. Following the dramatic changes in eastern Europe and the dissolution of the USSR, France's and Germany's powerful adversary no longer existed. The strength of the only

remaining superpower, America, was relatively weak, and consequently, relations between France and Germany underwent corresponding adjustments.

B) Dominant status waxed and waned. During the Cold War era, France's dominant political and military position put it in a dominant position in the EU. Not only did post-unification Germany's economic strength increase, but its political and strategic position also improved greatly. By comparison, France's dominance gradually declined. These changes were bound to find reflection in relations between the two powers. Germany's rise and its quest for big power status created new challenges for the status and role of France.

C) In the handling of international affairs, every country paid closer attention to economic interests. Because of the decline in the rule of military factors in the wake of the Cold War, the role of economic factors rose. The three powers emphasized their own interests more. In addition, because of the economic slump in Western countries for the last two years and an increase in internal conflicts, not only did competition increase among the big western European powers, but relations among them also changed correspondingly.

D) Britain gradually changed its attitude, drawing closer to the EC. After John Major took office, he made substantial changes in Margaret Thatcher's former policy toward Europe, played an active role in western Europe's integration, announced that the UK wanted to "return to Europe's central position," and sought to expand Britain's right to speak out on European affairs. Consequently, Britain's relations with Germany and France improved. At the same time, the UK was also rather concerned about Germany's steadily growing strength in Europe. The rapprochement of Britain and France was also aimed at countering Germany.

3. Although political and economic conflicts and frictions among Germany, France, and the UK increased, and relations among the three tended to slacken, for a long time to come **the three powers will maintain both mutual rivalry and mutual dependence, a need for each other.** This is for the following reasons:

A) Europe's unification and integration are irreversible; building of the EU is in the interest of all parties. Although Germany's power is increasing, it cannot play a dominant role by itself; it still requires the support and cooperation of France and the UK. Each of the three powers has its own individual strengths and weaknesses, and this provides a basis for their interdependence and mutual support. Britain is fairly weak, and with the "dilution of its "special relationship" with the United States, it needs the support of France and Germany all the more. Nevertheless, the UK is still a permanent member of the UN Security Council, and it is also a major world military power. It also has strong scientific, technical, and industrial strength. It must still be regarded as a major European power; therefore, both France and Germany must enlist the support of the UK.

B) The three nations have a common interest in protecting the overall interests of western European nations, in jointly fending off competition from the United States and Japan, and in guarding against Russia as well as the policies of the Third World. They have a real need to stick together and cooperate with each other.

C) The three powers share tremendous economic interests. Germany, France, and the UK are important mutual targets of investment and trade. Germany's direct investment in France totals 22.7 billion marks. It is the second largest foreign investor in France. France's investment in Germany also totals 12.7 billion francs, holding sixth place in foreign investment in Germany. More than 60 percent of Britain's trade is with nations on the European continent, and Germany is the UK's most important trading partner. ECO statistics for July 1994 show that trade between the UK and Germany in 1992 totaled \$61.236 billion, leading trade between the UK and Western European nations.

Today, Germany wants to direct Europe's affairs, France wants to maintain its position as leader of the EU, and the UK is also striving to enter Europe's power center. Each of the three powers is having trouble realizing its individual goals. The Franco-German axis will continue to operate, but its center is shifting toward Germany. Relations between the UK and France will develop, but within certain limits. It appears that on different issues, the three powers will be able to form a different combination of interests.

The world is in the process of changing from bipolarism to multipolarism today during which relations among all major powers are undergoing readjustment. Relations among Germany, France, and the UK will be subject to changes in the world situation. Nevertheless, the small triangular relationship will likewise produce an effect on other big power relationships. These changes will have an effect on Europe, particularly on the EU, making relations among the EU nations more complex.

Liu Hairu [0491 3189 1172] (research fellow, Chinese Contemporary International Relations Research Institute): I will concentrate on several views of relations between France and Germany.

1. Differences and frictions between France and Germany have increased since the end of the Cold War; bilateral relations have cooled, and the former friendliness has disappeared. This is demonstrated concretely in the following: 1) An increase in national consciousness in both France and Germany, and a rise in the importance of economic factors, which occasion more clashes of real interests. Following the unification of Germany, the United States sought to form a "leadership partnership." Following the dilution of the "special partnership" between Britain and the United States, Britain bent efforts to draw closer to France to great effect. "Third-party intervention" in the relationship between France and Germany is increasingly frequent. Maintenance of the former situation is very difficult. 2) Differences in

policy trends of the two countries have widened. On foreign policy matters, Germany looks increasingly eastward, not only because eastern Europe and the Balkan peninsula are traditional sphere of German influence, but because they are of crucial importance to Germany's security. Consequently, Germany actively espoused the eastward extension of NATO and the EC, and it uses its economic clout to steal the march in the development of relations with its neighboring countries. It assists former small pro-German countries in the Danube basin and in the Adriatic Sea area. France looks elsewhere. Because of the development of the power of Islam since the end of the Cold War, it increasingly shifts its attention to the south, i.e., along the Mediterranean Sea and in African areas such as Algeria. It also demands that the EC develop relations with southern nations. In eastern Europe, however, France has gained a foothold only in Romania. As a German big power foreign policy offensive unfolds, such differences between France and Germany will increase. 3) Both countries are striving for big power status. Their mutual jealousies and mutual suspicions have increased markedly. England frets and France is also unhappy about America's courting of a partnership with Germany. France used to be western Europe's big brother, the rise in status and power of Germany following unification poses a challenge to France's status in both the UN and Europe. France's fears of Germany have re-emerged. It has two main fears: Its first fear is of the pre-eminent position of Germany in building the EU; consequently, its attitude is not as positive as previously about deepening the sphere of matters within the purview of the EU. Its second fear is that once Germany becomes a permanent member of the UN Security Council, its own position will be weakened.

2. Increase in the variables in the Franco-German relationship. The Franco-German axis dates back to its founding 31 years ago when French President Charles de Gaulle signed a treaty with German Prime Minister Konrad Adenauer. The most important consideration in this agreement was to change centuries of hatred into good-neighborliness, gradually realizing reconciliation between France and Germany. Today, relations between France and Germany are affected by all major post-Cold War European problems and even world problems, such as the Bosnia-Herzegovina problem, the NATO eastward expansion problem, and world trade problems. A public opinion survey of French attitudes toward the EU problem shows a "steady decline in the support rate." Jacques Chirac rejects "federalism," and Edouard Balladur has more interest in the economic community than in the political community. Reduced joint support from France and Germany on the building of Europe is bound to weaken the efficiency of this engine of the Franco-German axis, and have a detrimental affect on relations between the two countries. Edouard Balladur has secretly asked that two small circles be drawn in the EU, namely a "military circle," and a "monetary circle," meaning that in involving the United States as a counterweight to Germany, he is not prepared to put all his

eggs once again in the Franco-German axis basket. Shaude of the Germany Foreign Policy Association said recently: "Both countries will substitute a new regime for the old. When looking at relations between Germany and France, the new generation will be less swayed by emotions; they will pay closer attention to the interests of their own country." Whoever comes to power in the French presidential election of May 1995 will have a direct effect on the development of relations between France and Germany.

3. During the near term, the main current of Franco-German relations will remain mutual cooperation. 1) In terms of national power, both Germany and France are currently medium-sized nations. Neither has the strength to counter and deal independently with the increasingly complex European problems that have appeared in the wake of the Cold War. Klaus Kinkel [German foreign minister] said recently that like all industrial societies, European society has gone through a profound structural change. "The production-style society is giving way to a services society and an information society;" consequently, we are facing brand new and difficult problems that sole reliance on the techniques that European nation states possess cannot solve. 2) Both France and Germany believe that only if the two nations cooperate more closely, promote progress in European unification, and apply Europe's overall strength will it be possible to deal with the increasing number of world challenges and ensure the position and influence of both countries in the world. 3) After long development following World War II, Franco-German relations have put down deep roots. The foundation is quite solid. Contacts among people in the economic, political, and military spheres and among young people in both countries are very numerous, and unity is close. Although Germany has great power ambitions, many factors stand in the way just now. Germany has learned the lessons of history; its actions are fairly cautious. Its present policy toward France enjoys substantial support from both the German government and the public. Therefore, Germany will continue to forge good relations with France. Although interest in forming a European Union has declined in France, and France's enthusiasm for the Franco-German axis has diminished, formation of a European union will continue, and the relationship between France and Germany will continue to be protected.

United States & Canada

RENMIN RIBAO on Oklahoma City Bombing
HK2604052995 Beijing RENMIN RIBAO in Chinese
21 Apr 95 p 2

["Feature article from abroad" by staff reporter Liu Aicheng (0491 1947 2052): "Oklahoma Has a Serious Disaster; Its Federal Office Building Collapses Following a Big Explosion"]

[FBIS Translated Text] Washington, 20 Apr (RENMIN RIBAO)—At 0904 on the morning of 19 April, there was a big "bang" in the center of Oklahoma City in the United States. Flames flared up and dark smoke kept puffing. The blast and shock wave spread several miles. In just a second, one-third of a wall of a nine-story building collapsed. Splinters and debris were found in all directions. Many people were killed in a pool of blood right at the ruined site.

It was a federal office building. Normally, some 500 government officers and staffers worked there. The second floor was a day-care nursery where many staffers sent their children before they went to work. At the time of the explosion, most of the staffers were in their offices.

All types of cars were parked in the vicinity of the building. Following the explosion, the cars were in flames or exploded. Some people were killed or burned to death in the explosions that followed before they could escape. The explosions spread to the buildings and houses nearby, and caused varying degrees of damage.

In the exploded building, many people were killed in their offices. Rescue workers could get out only dead bodies and injured victims with broken arms and legs in a pool of blood. Children—ranging in age from one to seven—suffered most; some of them were newborn babies. So far, 36 people have died, of whom 12 were children. Over 400 have been sent to hospitals, and the death toll is rising. Some 200 persons are still missing.

No sooner had the explosion occurred than rescue workers rushed to the site. Many injured victims were sent to makeshift first aid sites in the streets. Many people driving past in cars pulled up and came to the aid of the injured. Given a too large number of injured, there was a shortage of blood plasma in local hospitals. Local radio and television stations called on residents to actively donate blood. Rescue operations are still underway and being stepped up.

The authorities stated that it was the most serious terrorist-created explosion. The FBI inferred from the exploded wheel axles and an 8-by-20-foot crater that terrorists had parked a car, carrying 1,000 to 1,200 pounds of explosives, in the northern wing of the building and then ignited it.

The FBI issued an emergency wanted circular. Of the three men wanted, two have dark hair and beards, and look like Middle-Easterners. The U.S. Department of Justice suspects that like the World Trade Center explosion in 1993, this incident also was carried out by Islamic terrorist organizations. The FBI does not rule out the possibility that the "Davidian cult," an extremist organization, created the incident, as 19 April was precisely the second anniversary of the destruction of the cult's Texas base by the FBI.

Since the explosion, some government organizations in other parts of the United States have received threats

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over the phone. In order to prevent similar bombings, the federal organizations in at least 14 cities have allowed their personnel to leave their offices, and government organs at various levels have stepped up security.

Article Discusses McNamara Remarks, Memoirs

*HK2604073495 Beijing RENMIN RIBAO in Chinese
17 Apr 95 p 6*

[From the "International Forum" column; article by Huang Qing (7806 2532): "Confession and Lesson"]

[FBIS Translated Text] April 1995 marks the 20th anniversary of the end of the Vietnam war. In the United States 20 years ago, the war was sometimes called McNamara's War. Now 20 years have passed, and the then U.S. defense secretary has made a self-examination and has expressed repentance after many years of silence. On 17 April, the U.S. NEWSWEEK magazine, which was published ahead of schedule, carried excerpts of McNamara's memoirs and his remarks during an interview.

Regarding the Vietnam war, McNamara said: "We were wrong, terribly wrong." He hoped that through his self-examination and confession, the United States would "draw some lessons from the war, which should be constructive and practical to the contemporary and future world." When interviewed by a NEWSWEEK reporter, McNamara summarized the lesson learned from the Vietnam War: "Do not misjudge the nature of the conflict, nor overestimate what outside military forces can accomplish—as it is impossible to reconstruct a 'failed' state by depending on outside military forces."

That a senior government official would publicly admit the major errors of his government with respect to making policy decisions is extraordinarily rare, if not unprecedented, in U.S. history. Therefore, McNamara's current action has greatly attracted people's attention. Talking about the main motive of his writing the memoirs, McNamara said: Owing to scandals and corruption such as the Vietnam war, the Watergate incident, and so on, many people in the United States have expressed doubt or shown contempt for political institutions and leaders, and more often than not, they feel quite distressed. He hoped that his sincere introspection would call forth social understanding. This is exactly what we mean when we say, "the man is rightly worried and deeply troubled."

McNamara particularly stressed that the basic reason for U.S. policymakers at that time committing such a blunder lay in the fact that "they took action according to their own principles, tradition, and value concepts." It should be stated that McNamara did not simplistically attribute the blunder of starting the aggressive war in Vietnam to a "misjudgment," but referred it to the innate character of value concepts. This is a comparatively incisive understanding. However, very few people among the U.S. upper-level personalities have realized this.

The concepts of values, principles, traditions, and others are historical and cultural products of various nations and countries. In the world today, there is a tendency toward cultural exchanges and mixture on the one hand, and also a strong demand for maintaining the specific characteristics of national culture and tradition on the other. It is a major issue for contemporary mankind to handle the relations between them correctly. Generally speaking, only under the precondition of respecting the diversity of culture and the specific characteristics of various nations can cultural exchanges be promoted more properly. If people blindly cherish a sense of superiority regarding their own value concepts, with the mentality of a missionary propagating the so-called Gospel, and think it necessary for the world to establish order according to such value concepts, then this inevitably will lead to dissent, conflict, or even war. By so doing, they not only will bring calamities and tragedies to the world, but often will have to pay a high price themselves. This is the greatest lesson that should be learned from the Vietnam war.

According to a report, the experience of participating in Vietnam war policymaking became a gloom in McNamara's heart, for which he was often choked with tears. In his memoirs, McNamara quoted an ancient Greek playwright as saying that the "reward of suffering is experience," hoping that his own confession and introspection on the Vietnam war will become a useful heritage. On the occasion of commemorating the 20th anniversary of the end of the Vietnam war and the 50th anniversary of the end of World War II, this is exactly the time that people should be recalling the past, making self-examinations, and drawing lessons. What is gone is gone, but there is still time to mend. Perhaps this is the only way mankind should continue to march forward.

Southeast Asia & Pacific

Vice Foreign Minister Meets Indonesian Minister

*OW2504150695 Beijing XINHUA in English 1430
GMT 25 Apr 95*

[FBIS Transcribed Text] Bandung, Indonesia, April 25 (XINHUA)—Chinese Vice Foreign Minister Tang Jiazuan today called on Indonesian Foreign Minister Ali Alatas and exchanged views with him on international and regional issues of mutual concern.

Tang Jiazuan at the head of the Chinese delegation came here to attend the commemorations of the 40th anniversary of the Asian-African Conference and the Non-Aligned Movement (NAM) Coordinating Bureau Ministerial Meeting as observer.

During the meeting, Tang spoke highly of the overall development on bilateral relations between China and Indonesia since the resumption of diplomatic relations five years ago.

He said that the successful exchange of visits by leaders of the two countries have strengthened mutual understanding and friendship, as well as further promoted the healthy development of bilateral relations.

Tang noted that cooperation of the two countries on economy, trade and other fields have gained remarkable results.

Tang appreciated Indonesia for its role in NAM during its duration of NAM chairmanship and wished the success of the NAM Coordinating Bureau Ministerial Meeting.

During the meeting, Tang also briefed Alatas on China's stand over the South China Sea issue.

Minister Alatas pointed out that the stand of China and Indonesia on the South China Sea issue is very close. Like China, Indonesia also wishes to defend peace and stability in this region.

Alatas spoke highly of China's stand of peacefully solving the issue through bilateral consultations and channels.

Vice Premier Receives Lao Minister Thongloun

BK2504133295 Vientiane KPL in English 0927 GMT 25 Apr 95

[FBIS Transcribed Text] Vientiane, April 25 (KPL)—Thongloun Sisoulit, minister of labour and social welfare of Laos, and his party, who are currently visiting China, met in Beijing yesterday afternoon the Chinese Vice-Premier Wu Bangguo. The Chinese news agency, XINHUA, in a news release noted that Thongloun and his party are in China on a visit as guests of the Chinese Ministry of Labour.

'News Analysis' Views Malaysian Election Results

OW2604032695 Beijing XINHUA in English 0113 GMT 26 Apr 95

["News Analysis" by Ding Baozhong: "Malaysians Vote for Stability and Development"]

[FBIS Transcribed Text] Kuala Lumpur, April 26 (XINHUA)—The National Front (Barisan Nasional, BN) led by Prime Minister Mahathir Mohamed won Malaysia's ninth general election with a landslide victory, which reflected the electorate's wish for continued political stability and economic development of the country.

BN gained a total of 161 seats in the 192-seat parliament and took 338 out of the 394 state assembly seats, in comparison with the 127 parliamentary seats and 257 state assembly seats it had won in the last general election in 1990.

Besides, BN performed better in opposition strongholds Kelantan and Sabah and strengthened its position elsewhere.

BN, with Alliance as its predecessor, was formed in 1974 and has become a coalition of 14 parties. It includes the major parties based on the country's ethnic groups like Malays, Chinese, Indians and others.

BN said the reason for its continuous ruling in the country since the first general election in 1955 lies in its ability to maintain racial harmony in a multi-racial, multi-religious and multi-cultural society.

In its first charter adopted last month, BN deemed itself as the only platform to achieve consensus among all Malaysians.

BN is resolved to get rid of any forms of religious and racial extremism and political fanaticism.

In recent months, it succeeded in peacefully smashing a deviant group which threatened to challenge power in the country.

BN has not given the green light to the Hudud Law (Islamic Criminal Law) preached by the Party of Islam, an opposition component controlling the Kelantan state.

The BN power-sharing concept was not only reflected in the cabinet formation but also spread to such states as Penang and Sabah.

BN leaders promote multi-culture by encouraging the use of English and Chinese while maintaining Malay as the official language.

Moderate policies have won positive reaction from Malaysians regardless of race. One example is the first ever public support given to BN this time by the 17 presidents of Chinese chambers of commerce and industry.

Foreign investors say they are fond of coming to Malaysia because of its political stability.

Based on a record featuring an average annual GDP growth of over eight percent since 1988, BN has declared that it will struggle to achieve Malaysia's developed nation status by 2020 with an annual growth rate of seven percent and per-capita income targeted at 16,000 U.S. dollars as against the present 3,400 dollars.

The growing economic cake here is overwhelmingly attractive than endless and damaging racial quarrels not rarely seen elsewhere, an observer said. [sentence as received]

In comparison, the opposition could not present a more meaningful platform before the 9.01 million voters.

The new BN government is expected to continue its domestic programs and a dynamic independent foreign policy emphasizing all-round relations especially with developing countries while not compromising on power politics.

Malaysia is set to continue to go its own way, as Prime Minister Mahathir put it.

NPC Delegation Arrives for SRV Visit

OW2604080395 Beijing XINHUA Domestic Service in Chinese 1450 GMT 25 Apr 95

[By reporter Huang Haimin (7806 3189 2404)]

[FBIS Translated Text] Hanoi, 25 Apr (XINHUA)—During a 25 April meeting with a delegation from China's National People's Congress [NPC] Nationalities Committee in Hanoi, Nguyen Ha Phan, Vietnamese National Assembly vice chairman, said: Since both Vietnam and China are multinational countries, it is very important for them to strengthen unity among various nationalities in the midst of reform and opening up. He expressed the hope that the nationalities committees [of the parliaments] of the two countries would increase contacts and share their experiences in nationalities work.

During the meeting, Tao Aiying, Chinese delegation head and NPC Nationalities Committee vice chairman, said the purpose of his current visit to Vietnam was to share his experience in nationalities work with Vietnam to enhance the two countries' mutual understanding and friendship.

This morning, the Chinese NPC Nationalities Committee delegation held talks with its Vietnamese counterpart, headed by (Y Nung), Vietnamese National Assembly Nationalities Committee chairman.

On 24 April, the Chinese NPC Nationalities Committee delegation arrived in Hanoi for a goodwill visit to Vietnam. During the visit, it will make a point of visiting Vietnam's ethnic areas to understand the situation there.

Further on Marshall Islands President's Visit

China Values Ties

OW2504134795 Beijing XINHUA in English 1314 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Chinese Premier Li Peng said here today that his country hopes to maintain and further develop its ties with the Republic of the Marshall Islands.

Meeting Amata Kabua and his wife at the Diaoyutai State Guesthouse here this afternoon, Li recalled his meetings and talks with Kabua during his 1991, 1992 trips to China in his capacity as Marshall president.

Li said he was "deeply impressed" by President Kabua's efforts for promoting Sino-Marshall relations, voicing the belief that the current visit will further enhance the bilateral relations.

Kabua said he was happy to have the opportunity to "visit the great country again and China's rapid economic growth has left me with a deep impression."

While noting the bilateral cooperation agreements signed yesterday, Kabua expressed the belief that his

current visit will contribute to the enhancement of the equal and mutually beneficial relations between the two countries.

China has always held that all countries, big or small, should be equal and should play their due roles in world affairs, Li told Kabua.

"We have had for a long time friendly ties of cooperation with South Pacific nations, including the Marshall Islands," Li said, adding "these ties are of a nature of mutual support, equality and mutual benefit."

"Since both China and the Marshall Islands are developing countries, it is very natural for them to support each other in international affairs," Li said.

President Kabua Ends Visit

OW2604085995 Beijing XINHUA in English 0819 GMT 26 Apr 95

[FBIS Transcribed Text] Beijing, April 26 (XINHUA)—President Amata Kabua of the Republic of the Marshall Islands and his wife left here this afternoon, ending a six-day official visit to China.

Among those bidding farewell at the airport to the Marshall guests were Tan Zhuzhou, Chairman of the Chinese Governmental Reception Committee and Vice-Minister of Chemical Industry, and Zhou Jinming, Chinese ambassador to the Marshall Islands.

Sub-Saharan Africa

Cameroonian Delegation To Pay Goodwill Visit

Visit Previewed

OW2104140095 Beijing XINHUA in English 1343 GMT 21 Apr 95

[FBIS Transcribed Text] Beijing, April 21 (XINHUA)—A delegation from the National Assembly of Cameroon, led by its president Cavaye Yegue Djibril, will pay an official good-will visit to China from April 25 to May 2.

The delegation will be here as guests of the Standing Committee of China's National People's Congress (NPC), official sources told XINHUA here today.

Qiao Shi Meets Counterpart

OW2504133395 Beijing XINHUA in English 1309 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Chinese top legislator Qiao Shi told his Cameroonian counterpart Cavaye Yegue Djibril that the National People's Congress [NPC] of China is willing to have closer cooperation with the Cameroonian National Assembly.

Such cooperation will help push forward the development of bilateral relations between the two countries, said Qiao, chairman of the NPC Standing Committee.

Qiao made the remarks during a meeting with Yegue, president of the Cameroonian National Assembly, in the Great Hall of the People here this afternoon.

Despite of long distance, China and Cameroon have seen a smooth growth of their relations, Qiao said, and they have maintained close cooperation through supporting each other and played their due role in the international affairs.

Qiao spoke highly of the progress Cameroon has made in developing its economy and added that he believed Cameroon's target in economic development would be realized through the concerted efforts of Cameroonian people.

During the meeting, Qiao also expressed his appreciation for Cameroon's position of adhering to "one-China" policy.

Yegue said that the already profound friendship between Chinese and Cameroonian peoples should be further deepened and Cameroon highly values the help China has offered to Cameroonian economic growth.

Yegue and his party arrived here today at the invitation of the NPC Standing Committee for an 8-day official goodwill visit to China.

Kenyan Public Works Minister Requests Help

OW2604112595 Beijing XINHUA in English 1036 GMT 26 Apr 95

[FBIS Transcribed Text] Nairobi, April 26 (XINHUA)—Kenyan Minister for Public Works and Housing Jonathan Ng'eno today appealed the Chinese construction companies to engage in more projects in the country.

The Kenyan Minister made the appeal when he was meeting Mao Rubai, the Head of the Chinese Delegation to the Second Session of the Preparatory Committee for Habitat II, in his office in Nairobi.

He told the Chinese official that compared to other companies, costs for the projects undertaken by the Chinese companies in Kenya are cheaper, and the quality of projects is excellent.

He expressed the hope that the Chinese construction companies will stay longer so that they can build more houses and roads in reasonable prices for Kenyans.

Meanwhile, the Kenyan Minister highly commended the relations between Kenya and China, saying that relations between the two countries were strengthened since President Daniel Arap Moi's first visit to China in 1980.

In reply, Mao Rubai who is also China's Deputy Minister for Construction, appreciated the Kenyan Government for its co-operation with the Chinese companies based in Kenya.

He said that both China and Kenya are both developing countries and have common ideas and goals which need to be realized through cooperation.

He hoped the excellent relations between the two countries will be enhanced.

MOFTEC Official Meets Mauritanian Minister

OW2104072695 Beijing XINHUA in English 0810 GMT 20 Apr 95

[FBIS Transcribed Text] Beijing, April 20 (XINHUA)—Sun Zhenyu, vice-minister of foreign trade and economic cooperation (MOFTEC), held talks here this afternoon with Diagana Moussa, trade minister of Mauritania, and they exchanged opinions on issues of common concern such as furthering bilateral economic and trade relations.

Both sides also signed an exchange of notes on aid provided by the Chinese Government for the Mauritanian Government.

The eight-member Mauritanian delegation arrived here Wednesday at the invitation of MOFTEC Minister Wu Yi and they are also scheduled to visit Guangzhou.

West Europe

Treaty Signed With Cyprus on Judicial Assistance

OW2604004295 Beijing XINHUA in English 2105 GMT 25 Apr 95

[FBIS Transcribed Text] Nicosia, April 25 (XINHUA)—Cyprus and China signed here today a Treaty on Judicial Assistance in Civil, Commercial and Criminal Matters.

Cypriot Justice and Public Order Minister Alexandros Evangelou and visiting Chinese Justice Minister Xiao Yang signed the treaty.

The treaty contains comprehensive provisions concerning service of judicial documents, taking of evidence and recognition and enforcement of civil decisions.

These provisions will guarantee the judicial authorities of the two countries to handle civil or commercial disputes and to tackle criminal activities according to laws.

Speaking after the signing of the treaty, Alexandros Evangelou said Cyprus and China have traditional and excellent relations both in the fields of international relations and other fields of cooperations.

Evangelou expressed hope that the signing of the treaty would further strengthen the ties between the two countries.

The Chinese Minister said that the treaty between the two countries on judicial assistance has set up a sound basis for strengthening the legal cooperation between the two countries.

On such basis, Xiao noted, the scope of the legal cooperation will be enlarged so that the judicial authorities of the two countries will work together to protect the citizens' interest, to safeguard the economic development and to combat illegal or criminal activities.

Xiao Yang also had separate meetings today with Cyprus Acting President Vassos Lyssarides and Attorney General Alekos Markhides.

Cyprus President Glavkos Kliridhis is currently on a private visit to Britain.

Xiao arrived here Monday [24 April] on a four-day official visit and will leave for Cairo Thursday.

Further on Swiss Foreign Minister's PRC Visit

Meets Li Peng, Qian Qichen

AU2504123995 Zurich NEUE ZUERCHER ZEITUNG in German 25 Apr 95 p 25

[SDA report: "Cotti's Talks with Li Peng and Qian Qichen"]

[FBIS Translated Text] Beijing, 24 Apr—On 24 April Federal Council member Flavio Cotti met with his Chinese counterpart Qian Qichen and Prime Minister Li Peng in Beijing during his one-week visit to the PRC. The talks focused on political and economic questions.

During the meeting with Foreign Minister Qichen, the general political situation and the security policy situation in Asia were discussed. These topics were discussed with a view to Switzerland's chairmanship of the Organization on Security and Cooperation in Europe [OSCE] next year, Cotti stated in Beijing. In addition, human rights were discussed.

Sino-Swiss Ventures Urged

OW2504120495 Beijing XINHUA in English 1132 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Chen Jinhua, Chinese minister in charge of the State Planning Commission, said here today that Swiss entrepreneurs can find broad markets in China, as a good momentum for bilateral contacts and co-operation has appeared.

Meeting with Flavio Cotti, a member of the Federal Council and Foreign Minister of Switzerland, Chen said Switzerland is a good partner of China for co-operation and Swiss products enjoy a high reputation in China.

He said China intends to concentrate its efforts on developing the energy, communications, telecommunications, automobile, electronics and petrochemicals industries, and Switzerland has advantages in these areas, he said.

Chen expressed the hope that the two countries would continue to strengthen their contacts, and bring into full play their respective advantages, so as to develop their forms of co-operation from trade in commodities to joint ventures.

Over the past few years, Chen said, joint ventures have sprung up rapidly in China, deriving benefits mainly from China's preferential policies toward such co-operation.

During the meeting Chen also answered questions on China's financial system reform and insurance legislation.

Besides, Minister of the Railway Han Zhubin and Minister of Radio, Film and Television Sun Jiazheng met with Cotti on separate occasions. They discussed further growth of bilateral co-operation in the railways industry and cultural exchanges.

Holds Conference on Visit

OW2504163895 Beijing XINHUA in English 1624 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Member of the Federal Council and Foreign Minister of Switzerland Flavio Cotti, said here today that he was deeply impressed by and satisfied with his political dialogues with the Chinese.

At a press conference here, Cotti said that his China visit is aimed at promoting bilateral economic ties through dialogues, and added that the anticipated results have been achieved.

Cotti said that, over the past two days, he has exchanged views with Chinese leaders on many issues of common interest in a candid and sincere way. Both sides agreed that Switzerland and China have enjoyed very a good relationship, he said.

Commenting on the rapid growth of bilateral economic ties and trade since 1976, Cotti said that the present volume of trade between the two countries amounted to two billion Swiss francs, which was four times 1976's figure. They have also established a total of more than 150 joint ventures.

He said that Swiss enterprises are ready to continue their involvement in China's economic construction, especially in China's service industry.

The two sides have shown their willingness to co-operate in investment in accordance with their own country's needs and have explored avenues of cultural exchanges, he said.

The Swiss side intends to introduce its culture more to China, he added.

Cotti said that Switzerland supports China's entry into the World Trade Organization, and hopes that China's policy of reforms and opening up will continue.

He and his party are scheduled to leave here for Shanghai tomorrow.

Delegation Attends Turkish Parliament Celebration

OW2604095195 Beijing XINHUA Domestic Service in Chinese 0233 GMT 24 Apr 95

[By reporter Yan Hongzhang (0917 7703 3864)]

[FBIS Translated Text] Ankara, 23 Apr (XINHUA)—Sun Qimeng, vice chairman of the National People's Congress [NPC] Standing Committee of China, and a Chinese delegation led by him attended the 75th anniversary celebration activities of the Turkish Grand National Assembly today.

Representatives from 39 countries and three international organizations attended the celebration activities here.

Turkish President Demirel met with and feted Sun Qimeng and the members of all foreign delegations today. Sun Qimeng told President Demirel that Chinese leaders and people are looking forward to his visit to China in the near future. Demirel said happily: "I will be very glad to visit your country. I believe my visit will surely be successful."

Cindoruk, speaker of Turkish Grand National Assembly, also met with and feted Sun Qimeng today. Sun Qimeng extended anniversary greetings to Cindoruk and wished Turkey prosperity and its people happiness.

Cindoruk said: The fact that China has sent such a high-level delegation to attend the celebration of the Turkish parliament is an important indication of the friendly relations between Turkey and China.

Political & Social

Stock Markets Fall on Rumors of Deng's Poor Health

Shanghai Market Falls

HK2604090695 Hong Kong AFP in English 0855 GMT
26 Apr 95

[FBIS Transcribed Text] Shanghai, April 26 (AFP)—Rumours about the health of Chinese paramount ruler Deng Xiaoping resurfaced Wednesday [26 April] after a break of more than two months, triggering a wave of selling that sent the stock index down by almost three percent.

The Shanghai Stock Exchange Composite Index fell 18.02 points to close at 601.82 points from 619.84 points. The total market turnover rose 97.85 million units valued at 619.09 million yuan (73.7 million dollars) from 64 million units worth 432 million yuan, reflecting heavy selling, brokers said.

Brokers said both the "A" share market, which is restricted to local investors, and the "B" share market, where shares are traded in hard currency, were affected by the sell off. A Shanghai Guotai Securities analyst said the stock market, which had been looking for some direction, seized on the rumours that Deng was very ill in Beijing.

Deng, 90, has not been seen in public for more than a year. Foreign investors were nervous about the political stability of China and sold their holdings, driving the "B" share index to a new record low of 50.30 points, a broker with a foreign brokerage said.

Hong Kong Market Falls

HK2604091395 Hong Kong AFP in English 0824 GMT
26 Apr 95

[FBIS Transcribed Text] Hong Kong, April 26 (AFP)—Stocks fell in Hong Kong on Wednesday [26 April], with the Hang Seng Index closing down 219.91 points, or 2.6 percent, to 8,285.69 on concerns about the health of China's paramount leader Deng Xiaoping. Turnover leaped to 4.157 billion Hong Kong dollars (537.77 million US), compared with the previous day's 2.236 billion dollars.

Further on Market Fall

HK2604093195 Hong Kong AFP in English 0924 GMT
26 Apr 95

[FBIS Transcribed Text] Hong Kong, April 26 (AFP)—Jitters about the health of China's senior leader Deng Xiaoping sent Hong Kong stocks tumbling Wednesday [26 April], with the Hang Seng Index rallying 219.91 points, or 2.6 percent, to close at 8,285.69. Turnover

leaped to 4.157 billion Hong Kong dollars (537.77 million US), the highest in nearly one month, compared with the previous day's 2.236 billion dollars.

"There were all sorts of rumors today, impossible to confirm, largely surrounding the Deng issue," said Eugene Lo, research manager at Standard Chartered Securities Ltd. One rumor told of a "conference" in Beijing that was supposed to take place in the middle of the afternoon. It never did. Another claimed that Deng, 90, was alive, but that his wife had passed away. Deng's children were reported this week to have been asked to stay in Beijing, fanning concern that the architect of China's economic reforms might be in worse condition than previously thought.

Wharf Holdings was the most active issue, down 70 cents at 23.15 dollars. Hongkong Bank parent HSBC Holdings, the biggest Hang Seng Index constituent, fell 1.75 dollars to 88.75 dollars, Cheung Kong 1.30 dollars to 32.90 dollars, and Hutchison Whampoa 1.10 dollars to 33.30. Swire Pacific A dropped two dollars to 50.50, as did Sun Hung Kai Properties by 1.85 dollars to 48.40.

Market Rebounds After Meeting

OW2604104395 Tokyo KYODO in English 1030 GMT
26 Apr 95

[FBIS Transcribed Text] Hong Kong, April 26 KYODO—Hong Kong's blue chip Hang Seng index plunged over 300 points Wednesday before rebounding and ending at 8,285.69, or 2.6 percent down, as rumors about an announcement from Beijing, possibly about senior Chinese leader Deng Xiaoping, raced through the market.

The market climbed about 100 points when the afternoon meeting at XINHUA NEWS AGENCY's Hong Kong office, Beijing's de facto embassy, turned out not to be an announcement of Deng's death.

Other rumors such as intense internal power struggles and the resignation of Beijing's mayor have also driven the market down.

"Bargain hunters are using rumors to make a profit and switch to funds that have lagged behind like Singapore," said a fund manager at Credit Lyonnais. He noted that Hong Kong was the only regional market except Japan to have gone up in the past quarter and was doing quite well.

The lack of concrete measures on interest rates at the Group of Seven (G-7) meeting Tuesday in Washington was also a factor in the market drop, the fund manager said. A weak dollar is not favorable for U.S. dollar-based markets.

A broker from Sassoon Securities Ltd. said that the volatile market is also partly caused by the looming expiry date for the futures market. "There is a lot of selling in the futures market which expires tomorrow," she said.

Jiang Zemin Tightens Grip on Power*HK2604054895 Hong Kong SOUTH CHINA MORNING POST in English 26 Apr 95 p 7*

[By Willy Wo-lap Lam and Agnes Cheung]

[FBIS Transcribed Text] President Jiang Zemin has tried to tighten his grip on power by reining in the activities of his rival, former military strongman Yang Shangkun. Mr Jiang, who chairs the policy-setting Central Military Commission (CMC), has also demonstrated his hold on the People's Liberation Army (PLA) by deploying four army units around the capital on the death of elder Chen Yun on April 10.

An army source in Beijing said Mr Jiang had formed a pact with the CMC vice-chairmen, veteran generals Liu Huaqing and Zhang Zhen, against the possible comeback of Mr Yang, a former state president and CMC secretary-general. "A politely phrased message has been relayed to Yang asking him to refrain from consorting with PLA officers either in Beijing or the regions," the source said.

Since his retirement from state and army positions in late 1992, Mr Yang 87, who enjoys excellent health, has toured the provinces frequently. In January and February, the former confidant of patriarch Deng Xiaoping was in Guangdong, where he held at least one informal meeting with PLA officers.

After getting the message, Mr Yang adopted a low profile. He was absent from a ceremony last week honouring the late marshal Ye Jianying, a close friend. "Since late 1992, Jiang has masterminded at least three rounds of major reshuffles in the army to get rid of the influence of Yang and his disgraced half-brother, (former chief political commissar) Yang Baibing," the source said. "However, Jiang still considers the two Yangs to be his major competitors."

Western diplomats in Beijing said Mr Jiang had also improved relations with Generals Liu and Zhang. Last year, there were reports that Mr Jiang had incurred the ire of the pair by persuading them to retire. It is understood that Mr Jiang has also sought the help of generals Liu and Zhang in containing the influence of retired officers such as generals Zhang Aiping and Qin Jiwei.

The diplomats said it was significant that Mr Jiang should use Mr Chen's death to demonstrate his hold over the PLA. By contrast, in the run up to the June 4, 1989 crackdown, a few regional commanders were reluctant to send troops to Beijing in obedience to Mr Deng, then CMC chief.

Apart from the death watch over Mr Deng, the political atmosphere in Beijing has been charged with the imminent purge of the municipal leadership. Rumours spread yesterday that Beijing's party secretary Chen Xitong had offered his resignation. Sources in Beijing said that a

front-runner to succeed Mr Chen, State Council Secretary-General Luo Gan, had for the moment turned down the hot seat.

However, Mr Luo, a confidant of premier Li Peng, has since early this month held special classes for all bureau heads of the Beijing municipality. The classes, to be finished tomorrow, are aimed at "unifying the thought" of cadres in the face of the recent spate of scandals involving senior officials. Mr Luo told the cadres they must heed Mr Jiang's leadership "no matter what happens".

He added that the transition to the third-generation leadership with Mr Jiang as its core had been accomplished well.

Chiefs Resign, Take Blame for Trading Scandal*HK2604070495 Hong Kong EASTERN EXPRESS in English 26 Apr 95 p 25*

[By Wang Xiangwei]

[FBIS Transcribed Text] The chairman and the president of Shanghai International Securities yesterday stepped down to take the blame for the trading scandal involving billions of renminbi on the bond futures market in February.

Sources in Shanghai said that Xu Qingxiong, the chairman, and Guan Jinsheng, the president, tendered their resignations at a company board meeting yesterday afternoon in the New Jinjiang Tower Hotel.

Zhu Heng, the vice-governor of Shanghai Pudong Development Bank, has been appointed as the new chairman, while Gao Guofu, the deputy director of Outer Gaoqiao Bonded Zone, is the acting president of the company. Guan is also the chairman of Shanghai International (Hong Kong).

The resignations came weeks after Premier Li Peng and the Executive Vice Premier, Zhu Rongji, visited Shanghai. Sources said that Zhu, apparently outraged by the scale of the trading scandal, flew to Shanghai in early March to conduct a personal probe into the trading scandal.

The departure of Guan and Xu will also herald a reshuffle for Shanghai's stock exchange, where the general manager, Wei Wenyuan, is expected to take part of the blame, sources said. Speculation is mounting in Shanghai that Wei will be replaced by Kan Zhidong, the president of Shanghai Shenyin Securities.

On February 23, Shanghai International Securities, the country's largest brokerage, was caught in price-rigging activities on a day of frenzied trading during which bond futures turnover rocketed to a record of Rmb853.99bn (about HK\$783.96bn). The stock exchange cancelled some of that day's trade to show a revised turnover of Rmb540.95bn. Shanghai International Securities was

found to be trading tens-of-billions of bond futures without meeting margin requirements.

The brokerage, owned by the city's municipal government, is estimated to have lost between Rmb600m and Rmb1bn, more than its own worth. It has been kept alive with bank loans since the irregularities. Dubbed as the Chinese version of the Barings fiasco, the scandal has shocked economists and government leaders in Beijing. It remained unclear last night whether criminal charges will be brought against Guan and Xu in the near future.

RENMIN RIBAO Stresses Central Authority

HK2504113395 Beijing RENMIN RIBAO in Chinese
16 Mar 95 p 9

[Article by Li Qi (2612 3825): "Correctly Handle the Relationship Between the Central and Local Administrative Organs"]

[FBIS Translated Text] Just as China's reform and opening up to the world are developing in depth and the socialist market economic system is at a crucial stage of being gradually established, the party Central Committee has reiterated the need to uphold and perfect democratic centralism in the two important fields, party building and state administration. This is undoubtedly of practical and strategic significance. In an important sphere of state administration, specifically, the relationship between the central and local administrative organs, the method for adhering to the principle of democratic centralism and correctly handling the following three relations will have a direct bearing on the development process and trend of our political and administrative system to the end of this century and will be an important factor in whether China can perpetuate political stability.

In the Distribution of Power, the Relationship of "Decentralization" and "Centralization" Between the Central and Local Administration Should Be Handled Correctly

Since the founding of New China the question of how to correctly handle the relationship of "decentralization" and "centralization" between the central and local government in terms of the distribution of administrative power has always been an important one in the operation of China's political and administration structures. Our country has a vast territory and a large population with uneven economic and cultural development between the coastal areas and inland. All this is interwoven with the heavy task of organizing modernization construction, the international situation, and other factors and has developed into a strong social demand for the centralization of authority. For a long time in the past, through the constraint operative process of the centralization of authority from top to bottom, the administration system of our government has collected limited resources in a planned and quick way and has accomplished a large number of key construction projects rapidly, thus laying

a solid industrial foundation for the country. However, an excessive emphasis on centralization has adversely affected the vigor and flexibility of state administration and management, bringing about such negative phenomena as excessively rigid control, excessively strict management, and low efficiency. Since the Third Plenary Session of the 11th CPC Central Committee and through the practice of reform over the past 10 years and more, the traditional administration pattern of absolute centralization by the central government is gone forever, and the administrative decisionmaking power of local governments has considerably grown. This has promoted the development and prosperity of the regional economy to a certain degree and has expanded the scope of local administrative activities by a fairly large margin. However, just as the centralized system has both positive and negative effects, the decentralized system also has a dual character. In the previous stage in some localities there was the tendency of local protectionism and decentralization and the problem of delaying and even obstructing the implementation of unified arrangements by the central government. This fully proves that, like centralization, decentralization also has a "moderate" prerequisite.

On the question of centralization and decentralization between the central and local authorities, it is crucial to seek a moderate and harmonious relationship between "decentralization" and "centralization" in accordance with the principle of democratic centralism.

First, local governments and government offices at lower levels should implement the principle of unified state administration, make clear that centralization is the prerequisite to local decentralization and that it is necessary to resolutely obey the unified decrees, unified commands, and unified plans of the central authority. In particular, it is necessary to safeguard the authority of the central government and ensure the smooth implementation of central decrees in terms of organizational standards and administrative procedures by way of giving full play to the role of the graded chain reaction [deng ji lian zuo yong 4583 4787 6969 0155 3938] at various levels in the vertical structure of the state administrative system so that the local authorities are subordinate to the central authorities, the lower levels are subordinate to the higher levels, and the centralism and consistency of the administrative system as a whole can be preserved.

Second, the central government should adhere to the principle of democracy in state administration, give full play to the initiative and autonomous administration of local governments and government organs at lower levels, and ensure effective mass participation in administration and exercise of the right of state administration through various channels and methods. Moreover, it is necessary to continue to decentralize that part of power that should and can be given to local governments and government organs at lower levels, recognize and respect the legitimate rights and interests of local authorities, pay attention to safeguarding the decisionmaking right of local

authorities, lower levels, and the masses, increase their degree of participation in democratic administration, and eliminate or prevent the overcentralization of power.

Third, the state organ of power should make clear the spheres of administration for both the central and local authorities as well as their respective responsibilities and rights through democratic proceedings and legislation. Local governments should unconditionally recognize the central government's rights of regulation and control under the prerequisite of ensuring centralism, while the central government should attach importance to and ensure the right of decisionmaking of the local governments on the basis of developing democracy. Under the guidance of the principle of democratic centralism, we should fully mobilize the initiative of both the central and local administrations, rationally distribute state administrative power, and truly practice the combination of "centralism on the basis of democracy and democracy under the guidance of centralism" in the sphere of state administration.

In Administrative Reform, the Relationship of "Flexibility" and "Control" Between Micro-Administration and Macro-Administration Should Be Handled Correctly

The establishment of the socialist market economic system requires that we carry out an in-depth reform of China's administration system, streamline the administrative structure, change its functions, give up the traditional pattern of excessive centralism, go all out to invigorate the economy, and give full play to the initiative and creativity of local administrative offices and their staff. In recent years, the central government has vigorously promoted democratic administration and has respected the initiative and participation of local and grass-roots administrative organs in administrative reform. The creative reform measures taken in micro-administration have given new impetus to the general course of reform in macro-administration. However, in the meantime, some new problems have appeared. For example, some localities have overly stressed their particularities in local administrative reform, and, in the process of changing government functions, they have intensified in a disguised form the right of local governments to intervene administratively. This has resulted in a situation in which "the central authorities decentralize power but the local authorities hold it back" and in such phenomena as lax administrative discipline, failure to implement decrees, and each department acting on its own, which have been caused by the loss of "appropriateness" and sphere of control in administrative reform. This is a warning for us that the role of macro-control should be intensified while we persist in the micro-flexibility of our administrative system. At present it is of special significance to stress the need to guide administrative reform with the principle of democratic centralism and correctly handle the dialectically unified relationship

between democracy and centralism and between "flexibility" and "control." On the one hand, the central administrative organs should still uphold the principle of democracy, mobilize to a maximum degree the initiative of the local authorities in administrative reform, and encourage them to explore administrative reform in diversified ways and through numerous channels. On the other hand, the central administration should pay special attention to upholding and implementing the principle of centralism, unity and control in light of the practical characteristics that China has a vast territory, a great administrative realm, and a huge organizational system. It should push administrative reform step by step in a planned and systematic way and ensure the effectiveness of orderly reform.

To realize centralized unity in macro-administrative reform, it is necessary to intensify and perfect the macro-control system and give full play to the role of the specific operating mechanisms of this system: 1) **Balance mechanism.** As an organizational body which combines various internal and external relations in an organic way, the administrative system is always in a dynamic situation interwoven with various social factors. Confronted with an ever-changing situation and various uncertain factors emerging in administrative reform, the administrative system should maintain the balance of various relations, such as those between the central and the local, between the superior and the subordinate, and between the internal and the external, to ensure its own existence as well as the balanced and coordinated development of reform. 2) **Rectification mechanism.** Due to the limitations of people's cognitive ability, it is unavoidable to have deviations of various degrees in the course of conducting administrative reform and changing government functions. So it is necessary to give play to the role of the rectification mechanism in the macro-control system and to take corrective and control measures so that administrative restructuring can proceed in the correct orbit under centralized control. 3) **Control mechanism.** The course of administrative restructuring itself is a course of leaping from an old qualitative balance into a new qualitative balance. It is unavoidable that phenomena such as disorder, lack of standards, imbalances, and irregularity should appear during the transformation. So those making decisions about the reform of the state administrative system should practice strong centralism and control through the control mechanism and use this to control the speed, scale, and orientation of the development of regional administrative reform. As long as the central administrative organs actually give play to the roles of the aforesaid operating mechanisms, they can effectively practice democratic centralism and bring about sound development and optimal operation in the course of administrative restructuring.

In Terms of the Interests of Various Sectors, the Relationship of "Taking Into Account" and "Planning as a Whole" Between Local and Overall Authorities Should Be Handled Correctly

In the course of developing the socialist market economy, the interests of various sectors become extensive and diversified. They have more extensively manifested themselves as a realistic guide in social production

relations and economic activities. Driven by the interest mechanism, some local administrative organs play the part of interest defenders and representatives more frequently. In areas and departments where local interests have greater influence, there are even the problems of local or department administrative organs erecting regional economic and trade barriers to obstruct the development of a unified market and of disobeying the macroeconomic regulation and control measures adopted by the central government.

In view of the appearance of a new situation and the formation of a new interest pattern, we should more consciously adhere to the principle of democratic centralism and dialectically handle well the relationship of "taking into account" and "planning as a whole" between local and overall authorities in terms of interests. Comrade Deng Xiaoping has pointed out: "To seek individual interest against the collective interest, to seek local interest against the overall interest, and to seek temporary interest against long-term interest will eventually lead to losses for both. In the final analysis, the relationship between democracy and centralism and between rights and obligations are the manifestations of the above-mentioned relationships in politics and law." Here Comrade Deng Xiaoping directly combined the "various interest relations" in the economic sphere with the "relations between democracy with centralism" and the "relations between rights and obligations" in the spheres of politics and law and expounded on them. He explained the historical materialist viewpoint that "politics is the concentrated expression of economy." At the same time he clarified the relationship between local and overall interests and those between various kinds of interests as a unity of opposites; that is, if we make overall planning with due consideration for all concerned, it will benefit both; conversely, if we seek small interests at the expense of large ones, it will cause losses for both. This has provided guidance for the present reform of the administrative structure, which is getting more in-depth.

First, we should always uphold the principle of overall planning. In the actual operation of the administrative system there always appear contradictions between departmental and local administration on the one hand and the overall administration on the other, which are caused by a conflict of interests. This makes it necessary for the administrative system to actually adhere to and act in accordance with the principle that the overall interest is superior to the local interest, and the local interest is subordinated to the overall interest. It should make a success of the local administrative work by starting from the overall pattern of national administration. **Next, we should continue to carry out the policy of giving due consideration to all concerned.** The operation of the socialist administrative system is in essence a kind of harmonious, unified, and orderly activity between upper and lower levels as well as between overall and local authorities. In line with this characteristics, the competent central administrative offices should take

into consideration the interests and actual conditions of various units, parts, and localities within the administrative system and allow them to retain a certain reasonable interest space so as to achieve overall administrative harmony on the condition that the lines, principles, and policies of the party and state are effectively implemented and the overall interests are not damaged. **Furthermore, all the administrative staff should always be required to have a clear understanding of the subordination and mission of local administrative organizations.** The essential characteristic of the state administrative authority lies in centralism and coercion. In terms of organizational form, this finds expression in higher-level control and in the relationship between orders and obedience to orders. Therefore, the local administration should be the downward extension and concrete embodiment of central administrative power and the administrative basis for the implementation of the party's lines, the state's will, and the protection of local interests. Local administration should be subordinate to and serve the target of the overall administrative work to ensure the formation of a unified national market and promote macroeconomic development. This is the organizational mission endowed by the administrative system to each local administration.

Ours is a socialist country with a vast territory which is undergoing a fundamental social transformation. In order to quicken the accomplishment of the task of socialist modernization construction it is necessary for the governmental administrative system to persistently carry out the principle of democratic centralism, correctly handle the above-mentioned three important relationships between the central and local authorities, and push the whole administrative system to unfold various tasks effectively and optimally. At present, a special emphasis should be laid on upholding the authority of the central government. All regions and units should foster the idea of coordinating all the activities of the nation like moves on a chess board. They should firmly carry out all the decrees issued by the party Central Committee and the central government, strictly executing orders and prohibitions and practicing democratic centralism so as to create an excellent macro-administrative environment with unified, orderly, and stable operations and provide a forceful administrative guarantee for the realization of the state's fundamental and long-term interests.

Former Student Leader Disappears After Arrest

HK2604054995 Hong Kong SOUTH CHINA
MORNING POST in English 26 Apr 95 p 7

[By Agnes Cheung]

[FBIS Transcribed Text] A former student leader of the 1989 pro-democracy movement has disappeared since he was arrested by Guangzhou authorities, a human rights watchdog said.

Shao Jiang, 25, was taken away by police officers from his girlfriend's home at midnight on Monday, the New

York-based Human Rights in China said. Shao's girlfriend Zhang Xiaohong was apprehended together with the former student leader, but she was released the following day.

The police accused the pair of staying in Guangzhou without temporary residency permits. Shao, a former mathematics student at Beijing University, was jailed for 18 months after the crackdown on the Tiananmen pro-democracy movement and was released in February 1991. Last February, he joined other dissidents petitioning the National People's Congress to urge the legislature to take steps to protect Chinese citizens' human rights as safeguarded in the Constitution.

He was in Guangzhou looking for a job, Human Rights in China said. Shao's whereabouts were so far unknown as police officers who arrested him told Ms Zhang that he had been transferred to the political security section of the police's Tianhe branch. But the Tianhe branch told Ms Zhang that Shao was not with them. His parents in Tianjin said they did not know where he was either.

Zhou Beifang's Arrest Linked to Illegal Fund-Raising

HK2604060295 Hong Kong EASTERN EXPRESS in English 26 Apr 95 p 1

[By staff reporter]

[FBIS Transcribed Excerpt] The February arrest of Zhou Beifang, the former head of Shougang's Hong Kong operations, was partly triggered by his involvement in a 3.2 billion renminbi (HK\$2.9bn) illegal fund-raising scheme which is under government investigation, sources in Beijing said yesterday. They said that Zhou was arrested in late February after the government linked him to the massive, unauthorised fund-raising scheme in Wuxi, in Jiangsu province, which had links to the country's security apparatus. He was also under investigation for violating government regulations to secure visa documents to enable his wife and daughter to emigrate to Hong Kong.

Zhou is the younger son of Zhou Guanwu, the former chairman of Shougang Corporation, China's largest steel maker. The younger Zhou's arrest came just one day before his father was forced to step down after ruling the steel firm with an iron fist for more than 10 years. Zhou Beifang masterminded the backdoor listings of Shougang Concord International and Shougang Concord Grand.

Zhou's family is reportedly close to that of China's ailing patriarch, Deng Xiaoping. Deng Zhifang, the youngest son of Deng Xiaoping, is the director and chief executive of Shougang Concord Grand. Chinese officials have so far been silent about the reasons for Zhou's arrest, except to say that he committed "serious economic crimes". Sources said that Zhou was involved in the case because he was a good friend of Li Min, a former official in the Beijing State Security Bureau. Li, a former secretary to

Beijing's mayor, Li Qiyang, was arrested for masterminding the scheme through the Wuxi-based firm Xinxing. He died earlier this year of natural causes.

Sources said that Li helped secure immigration visas for Zhou's wife and daughter as the State Security Bureau is authorised to approve Hong Kong-bound immigration visas for Chinese nationals. Contrary to earlier press reports that Zhou committed suicide or was released on bail, sources said Zhou is still in prison. [passage omitted]

Authorities Renege on 'Extradition Assurance'

HK2604060095 Hong Kong SOUTH CHINA MORNING POST in English 26 Apr 95 p 8

[By Irene So]

[FBIS Transcribed Text] The death sentence imposed on Wang Jianye, a Shenzhen official convicted of corruption, reportedly violates an assurance given to Thai authorities when Guangdong applied for his extradition from Bangkok.

A senior Thai police officer has confirmed Chinese authorities said Wang would not be given the death penalty before Bangkok agreed to repatriate him. "In the course of the extradition procedures, two Chinese officials told Wang and I that the punishment would not be execution but only imprisonment," Police Major Tawee Sodsong said. But the assurance was reportedly not made in writing.

After a request from Wang's wife, Major Sodsong confirmed to a Thai lawyer that the assurance had been given. The lawyer then raised the matter with the Shenzhen Intermediate People's Court. Two weeks ago, Wang, a former Planning Commission section head, was sentenced to death for taking bribes of more than 10 million yuan (HK\$9.18 million), bigamy and illegally crossing the border. He is now waiting for the decision on his appeal to the Guangdong Higher People's Court, due in June. In his seven-page appeal letter dated April 17, Wang said two Guangdong officials had reneged on the 1993 "extradition assurance".

The court and the Guangdong Provincial Procuratorate have declined to comment on the allegation. An official from Thailand's Foreign Ministry said yesterday Bangkok would not interfere in the case as the verbal assurance was "an internal matter for China". "It's not our responsibility to ask the Chinese authorities to keep the promise," the official said. "It's their own problem. We just helped them by sending back a criminal."

Vice Construction Minister on Low Income Housing

OW2604013295 Beijing XINHUA in English 0106 GMT 26 Apr 95

[FBIS Transcribed Text] Changzhou, April 26 (XINHUA)—China has set a goal for the first decade of the

next century to provide urban dwellers with a per capita living space of 10 sq m, Vice-Minister of Construction Tan Qinglian said.

The State Comfort Living Project, which officially started this year, is aimed at solving the living problem of low and relatively low-income residents, Tan said while speaking at a seminar on construction of housing in pilot tests which opened here Tuesday [25 April].

Houses for the comfort living project should follow the pilot residential quarters, which are models of Chinese buildings which are well designed, installed with decent facilities, and surrounded by a green environment, he explained.

Construction funds will be provided by the government, work units, and individuals, and 17 such quarters have been finished. Meanwhile, 31 more are under construction, and more will be built in 19 provinces and cities, Tan said.

Under the project, China will add 150 million sq m of living space within five years, providing living space of some 45 sq m, with two or three rooms.

The average living space for urban dwellers in 1994 was 7.7 sq m, 0.3 sq m more than the previous year.

Housing construction has been China's focus in real estate development in recent years, and according to the latest statistics, China completed 240 million sq m in housing construction last year, 17 percent more than in 1993.

In 1987, per-capita living space for urban dwellers was only 3.6 sq m, Tan added.

Vice Construction Minister Addresses Seminar

*OW2604020595 Beijing XINHUA in English 0117
GMT 26 Apr 95*

[FBIS Transcribed Text] Changzhou, April 26 (XINHUA)—China should develop its housing sector into an industry and expand its management scale in a bid to provide more affordable houses for urban residents, a senior government official has urged.

Speaking at a national seminar on urban apartment blocs here Tuesday [25 April], Vice-Minister of Construction Li Zhendong also said that development of the housing industry would promote relevant industries, increase employment, and help balance social and economic growth.

The issue of developing housing as an industry is of common interest to both the government and the builders, he said, adding that China is trying to push housing as a commodity into the market and draw on the successful experience of other countries.

Industrialization of the housing sector means comprehensive social work which will include the whole production process of houses—building, designing, contracts, material flow, site construction and financing, Li said.

To this end, he noted, China will first develop a batch of enterprises specializing in "manufacturing" houses, facilitate the supply of construction materials, and adopt more state-of-the-art techniques, in order to achieve sound social, economic and ecological effects.

Housing, a priority of the Chinese government, has seen rapid growth over the past few years. However, China's per-capita living space now stands at only 7.7 sq m, well below the world's average.

Construction of houses is an important part of the national economy and contributes about 12 to 15 percent to the Gross Domestic Product.

According to Li Zhendong, China will draw up industrial policies for the development of the burgeoning housing industry, and a group of experts from the Construction Ministry is doing research on the program now.

Vice Minister: Apartment Buildings Emphasized

*OW2604065795 Beijing XINHUA in English 0645
GMT 26 Apr 95*

[FBIS Transcribed Text] Changzhou, April 26 (XINHUA)—China's real estate sector will give priority to the construction of high-quality and affordable apartments, which is to take lead in the whole industry's take-off in the future, said Vice-Minister of Construction, Tan Qinglian.

Tan noted that real estate, a sector targeted by China's tight-credit policy this year, can promote the development of more than 30 related industries and has bright prospects, though it is still at a low ebb now.

Noting that this year's priority in the real estate industry will be given to domestic apartments, Tan said that expensive villas and golf courses, as well as the excessive construction of international airports and luxury hotels will be curbed.

So far, the government has expressed a welcome for overseas investors' involvement in China's real estate projects which conform to the state's current policies, including ordinary residences, hotels, business buildings and the restructuring of dilapidated parts of cities.

The economic returns to overseas investors in China's real estate sector is about 15 percent, according to Tan.

To ensure a healthy development of the country's fledgling real estate industry, he said, investment in apartment construction should make up 80 percent of the whole in the sector, in accordance with China's specific conditions and the practices in advanced countries.

Statistics show that the ratio was improved to over 80 percent in China last year.

The vice-minister disclosed that the government has begun a full-scale standardization of real estate development by strengthening macro-control measures and supervision.

To achieve the goals, the state will not only delimit a suitable proportion of the governmental investment in real estate to the whole in the fixed assets, but tighten the licensing process for land requisition and commercial banks' credit issuing, Tan said.

State Council Appoints, Removes State Functionaries

OW2604083395 Beijing XINHUA Domestic Service in Chinese 0602 GMT 24 Apr 95

[FBIS Translated Text] Beijing, 24 Apr (XINHUA)—The State Council recently appointed and removed a number of state functionaries.

It appointed Li Yucai [2621 5148 2088] forestry vice minister, Chen Xuanyu [7115 1357 3842] Chinese Academy of Sciences vice president, Lu Zhiqiang deputy director general of the Development Research Center under the State Council, Zhao Jihua chief representative of the Chinese side to the Sino-British Joint Liaison Group (with the rank of ambassador), Gao Cunming [7559 1317 6900] consul general to Milan, Chen Wenzhao [7115 2429 3564] consul general to Toronto, Wu Zuqiu [0702 4371 3808] consul general to Auckland, Huang Dongbi [7806 2639 3880] consul general to Chicago, Li liqun [2621 4539 5028] consul general to Alexandria, Liang Jianming [4731 1696 2494] consul general to Melbourne, Shi Yanchun [2514 1693 2504] consul general to Aden, Mei Ping consul general to New York (with the rank of ambassador), and Song Zengshou [1345 1073 1108] consul general to San Francisco (with the rank of ambassador).

It removed Shen Maocheng from the post of forestry vice minister, Cui Jianmin from the post of deputy auditor general, Guo Fengmin from the post of chief representative of the Chinese side to the Sino-British Joint Liaison Group, Guo Shicong as consul general to Milan, Tang Fuquan as consul general to Toronto, Chen Qidao as consul general to Auckland, Wang Li as consul general to Chicago, Du Guangshun as consul general to Alexandria, Zhang Weichao as consul general to New York, Zou Mingrong as consul general to Melbourne, and Mei Ping as consul general to San Francisco.

Unauthorized Sex Identification of Fetuses Banned

OW2604065395 Beijing XINHUA in English 0636 GMT 26 Apr 95

[FBIS Transcribed Text] Beijing, April 26 (XINHUA)—Beijing Municipality has decided to ban unauthorized sex identification of fetuses in an effort to avoid sex discrimination.

A recently issued municipal regulation on carrying out the Mother and Child Health Care Law prohibits either medical centers or health care agencies from determining sex before birth unless it is necessary for medical purposes.

Agencies violating the regulation will be given warnings by the municipal, district or county public health departments. Persons in charge are expected to face disciplinary measures or even criminal sanctions for abusing rights, neglect of duty or bending the law for the benefit of relatives or friends, according to the regulation.

The implementation of the regulation will effectively prevent sex discrimination, said Zhu Zonghan, director of the Municipal Public Health Bureau.

At present, Beijing has 2.7 million women of child-bearing age, and about 122,500 babies are born annually.

However, some people who are trapped in the backward traditional Chinese concept that boys are better than girls may take advantage of the technology to abort female infants in the hope of male births later.

The Mother and Child Health Care Law, which was adopted by the National People's Congress, China's top legislature, October 27 1994, already bans unauthorized sex identification before birth. The law is scheduled to go into effect June 1 this year.

AIDS Infection Rate Highest Among Hotel Staffers

HK2604030495 Beijing ZHONGGUO XINWEN SHE in English 0933 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (CNS)—Dr. Wang Aixia, an expert on AIDS and director of the Department of Infection of Xiehe (Union) Hospital under the Chinese Academy of Medical Sciences, revealed that among the testified AIDS-infected people, hotel staff have the most sufferers, and most of them are infected with this fatal virus through sexual activities.

Professor Wang said that the Department of Infection in Xiehe Hospital has accepted 23 AIDS patients; eight of them are Chinese. Of the eight, three have died. These three persons were all young men, and worked in large hotels before. Another two female patients were sexual partners of two of the three deceased men. Among the eight Chinese AIDS patients, five of them were hotel staff.

Professor Wang suggested that the government's tourism administration departments should work out regulations to demand hotels and guesthouses to provide training courses on prevention of AIDS for their staff. The trainees will have to pass an examination. If they pass the examination, they will be given a certificate. Those who have not received training or have not passed the examination cannot take up their post. The sanitation and epidemic prevention departments should strictly supervise the execution of these regulations in all hotels.

RENMIN RIBAO Layout, Departments

HK2604095295 Beijing RENMIN RIBAO in Chinese 31 Mar 95 p 9

[Article: "Table of RENMIN RIBAO Layout, Departments"]

[FBIS Translated Text] At readers' request, departments in charge, telephone numbers, and main contents of every page of this paper are listed below.

Chief Editor's Office—(1) Main News: published daily, on page 1, covering: main domestic and overseas news, commentary, today's talk, on-site news; telephone number: 5092502; (2) Main News: published daily, on page 4, covering: more on main news published on page 1, people's forum, east-west-south-north-central, grass-roots reporters, on-site news; telephone number: 5091402; (3) Digest: published every other Saturday, on page 11, covering: excerpts from newspapers and magazines, main news over past two weeks, new social trends, new knowledge, new things; telephone number: 5091402; (4) News Photos: published every other Saturday, on page 11, covering: real life, new changes achievements in reform and opening up; telephone number: 5091182.

Economic Department—(1) Economy: published daily, on page 2, covering: propaganda on reform and opening up, economic development principles and policies, main economic news, economic knowledge; telephone number: 5091310; (2) Rural Economy: published on Monday and Friday, on page 10, covering: rural survey, rural watch, rural talk, latest rural development, local economy, villagers and villages; telephone number: 5092520; (3) Economic Life: published on Wednesday, on page 10, covering: hot spots, economic teahouse, urban life, local interest stories, methods of operation, market watch; telephone number: 5091010.

Educational, Scientific, and Cultural Department—(1) Education, Science, Technology, and Culture: published daily, on page 5, covering: main educational, scientific and technological, and cultural news; telephone number: 5092640; (2) Science and Technology Garden: published every other Monday, on page 11, covering: general scientific essays and talks; telephone number: 5091140; (3) Culture: published every other Monday, on page 11, covering: main news in journalism and publication domain; telephone number: 5091040; (4) Sports: published daily, on page 8, covering: sports news and commentary, foreign and domestic sports trends, sports photos and cartoons, profiles of star athletes; telephone number: 5092840.

Domestic Politics Department—(1) Politics, Law, Society: published daily, on page 3, covering: political, legal, and social news; telephone number: 5091130; (2) Party Life: published every other Tuesday, on page 11, covering: today's public servants, opinion, party building, analysis and reflection; telephone number: 5092730; (3) Legal Forum: published every other Tuesday, on page 11, covering: major and serious cases, police advice, legal system salon, ABC's of legal knowledge; telephone number: 5092130; (4) Contemporary Youth: published every other Thursday, on page 11, covering: today's constellation, youth talk, report of the times, vicissitudes of life; telephone number: 5092130;

(5) Family of Nationalities: published every other Thursday, on page 11, covering: natural environment and climate, households in remote and border areas, the march toward common prosperity; telephone number: 5091530; (6) Documents, Reports, and Memoirs: published every other Friday, on page 11, covering: commemorative articles, documents, revolutionary memoirs; telephone number: 5092330; (7) Taiwan, Hong Kong, Macao: published on Friday, once a month, on page 11, covering: voice of overseas Chinese, united front forum, focal point salon; telephone number: 5092030.

Mass Work Department—(1) Letters from Readers: published on Monday and Wednesday, on page 9, covering: investigative reports, investigation and reflection, observation platform, supervision post, what is heard and seen (pictures), readers' forum, street gossip, appeal, innermost thoughts and feelings, proposals and demands, roundup of letters, ordinary peoples' footprints; telephone number: 5092141; (2) Friends of Readers: published on Friday, on page 9, covering: letters from friends, ordinary person's story, success in life, earth's variety (pictures), mince no words, editor-reader contact, questions and answers; telephone number: 5091241.

International Department—(1) International: published daily, on page 6, covering: international forum, expert on current affairs, commentary, correspondence, roundup, overseas features, international notes, serials; telephone number: 5092561; (2) International: published daily except Saturday, on page 7, covering: economic notes, science and technology, overseas sketch, method of operation, Chinese enterprises (products) abroad; telephone number: 5092561; (3) International Supplement: published on Saturday, on page 7, covering: Wuzhou Teahouse, ancient and contemporary personages, global information, advice from others; telephone number: 5092771.

Commentary Department—In charge of today's talk on page 1 and people's forum on page 4; telephone number: 5092650.

Theory Department—(1) Theory: published on Tuesday and Thursday, on page 9, covering: conscientiously study "Selected Works of Deng Xiaoping," state-owned enterprise reform, hot spots of reform, ideology, economic efficiency forum, interviews with scholars, patriotism education serial; telephone number: 5092260; (2) Academic Trends: published on Wednesday, on page 11, covering: scholars' forum, exploration and consultation, reading notes, academic trends, newspaper and publication digest, book and publication review; telephone number: 5092460.

Literature and Art Department—(1) Supplement (Literature of the Land): published on Monday and Thursday, on page 12, covering: essays, poetry, prose, jottings; telephone number: 5092580; (2) Wide Cultural Angle: published on Tuesday, on page 12, covering: essays, hot

cultural spots, elegant cultural demeanor, interviews with distinguished cultural personages; telephone number: 5091280; (3) Supplement (Stage and Screen): published on Wednesday, on page 12, covering: cream of art, reminiscences, cultural corridor, appraisal of works of art, movies, and teleplays, audience choices and comments; telephone number: 5092590; (4) Weekend (Weekend of the Land): published on Saturday, on page 12, covering: weekend talk, stage, hot spots in society, movie and television stars, overseas art; telephone number: 5092590; (5) Literary Works: published every other Saturday, on page 10, covering: reportage, prose, poetry; telephone number: 5091380; (6) Literature and Art Critique: published on Tuesday, on page 10, covering: literature and art theory, literary works appraisal, gold stage critique, roundup of contentious opinions, new works; telephone number: 5092890; (7) Artistic Works: published every other Thursday, on page 10, covering: renowned painters, selected calligraphy and paintings, artistic trends, 100-flower garden, painter's soliloquy; telephone number: 5092690; (8) Book Review: published every other Saturday, on page 10, covering: book reviews, reading and thinking, people and books, critique, study, selected books and publications; telephone number: 5092890.

Reporters Department—News of the Land: published on Saturday, page 9, covering: special report, serial report, society survey, heart-to-heart talk with public servants, reporter's first-hand report, county in the divine land; telephone number: 5092970.

Note: The paper's pages 9-12 become pages 13-16 in the East China edition while the paper's page 7 entitled "International" and page 8 entitled "Sports" are merged into page 7 entitled "International and Sports" in the East China edition.

Military & Public Security

Liu Huaqing Urges Party Building in Shaanxi
OW2504163395 Beijing XINHUA in English 1454 GMT 25 Apr 95

[FBIS Transcribed Text] Xian, April 25 (XINHUA)—A senior Chinese military leader has stressed the fact that political and ideological building of the Party and Army should intensify.

Liu Huaqing, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and vice-chairman of the Central Military Commission, made the remark during an inspection tour in northwest China's Shaanxi Province from April 21-25.

During the five-day tour, Liu visited officers and enlisted men of the People's Liberation Army stationed there, and in military industrial enterprises, and the Xian high-tech development zone.

Listening to reports given by local Party, military, and government officials, he said that he was pleased with the achievements that officers and enlisted men have made in carrying on the fine traditions and paying close attention to political and ideological work.

Top priority should be given to the ideological work in promoting China's reforms and opening-up and in speeding up the development of a socialist market economy, he pointed out.

Article Views Post-Deng Xiaoping PLA Role

OW2604063395 Tokyo AERA in Japanese 10 Apr 95 p 33

[Article by AERA editorial board member Shunji Taoka: "The People's Liberation Army Is Motivated by Economic Profit"]

[FBIS Translated Text] The People's Liberation Army [PLA], which totals up to a military force of 3 million and which has a nationwide organization, has been one of the hoops that controls China together with the Communist Party. However, in the midst of the market economy and the trend of each province becoming "an independent kingdom," lamented by General Secretary Jiang Zemin, the PLA has become conscious of its ability of "making a profit"—one of China's traditional abilities—and has become a merchant, thus already forfeiting its role as a hoop. One of the keys to auguring the post-Deng Xiaoping era is such a trend of the army.

Some 20,000 enterprises are said to be under the control of the PLA. It figures that there is one company for every 150 officers and men. The army has some 7,000 tanks, most of which are outdated, so the PLA is a peculiar army which has as many as three times the number of tanks.

Originally, the Chinese army advocated the "Doctrine of Self-Reliance" and took pride in casting a burden on the people as little as possible. It is understandable if the Army limits its self-reliance activities to raising hogs and vegetables, but military personnel are assiduous in their business by utilizing the organization, skill, and prerogative of the Army.

There Is an Indication of Local Warlordism

As many as 165 firing ranges for tourists have come into being at Army posts, and high-ranking officers "enthusiastically welcome" tourists every time a sight-seeing bus arrives. The Army runs hotels, restaurants, markets, women's underwear factories, cosmetic factories, and others; or it is said that the Army makes a profit by taking rental fees through renting military ports or military airplanes to civilians.

Some PLA-affiliated companies are engaged in the import and export of weapons; others in banking through its banks in Hong Kong, or in property speculation. Since long ago, Chinese military personnel have

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had an administrative aspect to their duties, and now they have come to serve as managers as well.

Each province issues paper money which is valid within the province as if it were a "state," or even levies "taxes" on goods carried in from other provinces. In the midst of such a "warlord economy," the military has begun to show an indication of local warlordism as in the beginning of this century.

The central force of the military is worried about such a situation and has issued the following ordinances regulating military business activities: "Do not engage in business activities without permission from the division commander;" "Do not allow tourists to use military rifles at shooting ranges." However, these ordinances are so lukewarm that their effect is limited in China, where the popular catchword is: "If the state has a policy, the public has countermeasures against it." To prevent the collusion of military leaders with local people, promotion is offered to such leaders. Of the division commanders stationed along China's seacoast or in areas having numerous tourists, many decline to accept an offer of promotion by saying "I am not equal to the task," and remain in areas where they can make a profit.

One of the reasons for such a situation is a lack of a national defense expenditure. Last year's expenditure was 52.4 billion yuan [some 630 billion yen], an increase of 22 percent over the previous year, which is equivalent to the inflation rate. China's GNP shows a substantial increase of more than 10 percent every year, but the military is being left behind. It is natural for military personnel to try to use their ability in their side business in an effort not to miss the market economy.

China's national finances have continued to breed a big deficit since 1986, and the central government has been unable to increase the defense budget in accordance with the military's request. Even if the economy grows as a whole, there is no nationwide tax collection system. Each province is supposed to pay 40 percent of the taxes collected to the central government, so the government does not know the actual local revenue. Each province

invests capital in itself at its discretion, the central government becomes poorer, and the military is forced to support itself.

Military personnel stationed in the poor interior betray their dissatisfaction at the earning differentials between themselves and those stationed along the seacoast. And it seems that younger officers and soldiers harbor a disquieting feeling down in their hearts against troop leaders who are making a good thing out of their position.

Motives for Total Breakup Are Weak

Nevertheless, the fact that military personnel have become able to enjoy an easy life and this is in accord with the national character of the Chinese people makes it unlikely for military personnel to change the course which has already been set toward the market economy even after the period of Deng Xiaoping. Former President Yang Shangkun, who came from military stock, and former Political Bureau member Yang Baibing were opposed to Jiang Zemin. But, both men had gained their interests through commercialization of the military; therefore, even if the Yang brothers are reinstated, they will not be able to change the fundamental course.

However, the fact that the military is establishing ties with the local economy and that the military is becoming an "independent warlord" holds the danger of China's breakup or civil war.

However, unlike the former Soviet Union, 92 percent of China's population is Han, and China has had a history as a unified nation for more than 2,200 years since the Qin dynasty. Therefore, there is little possibility of China's total breakup. It is clearly advisable for local power holders or military personnel to recognize the authority of the Beijing government unless it interferes in local affairs unduly, and to govern the locality with its authority without rising in revolt against the Beijing government.

Warlords in the Muromachi period respected the imperial court in Kyoto or the shogunate government on the surface and worked hard for the management of their domains. A similar situation is happening in China now. It is likely that this tendency will be further actualized in the post-Deng period.

General

Li Peng Presides Over State Council Meeting

OW2504163195 Beijing XINHUA in English 1615 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—The State Council, China's Cabinet, passed a law on saving energy here today, during its 33rd standing session, presided over by Premier Li Peng.

Members concluded that energy is an important material base in developing the national economy and improving people's standard of living, and saving energy and the rational use of energy are important in easing the energy shortage, increasing economic efficiency for enterprises, and protecting the environment.

The meeting also concluded that saving energy and using energy better are an important task in China's economic development.

As early as 1980, China developed policies and management regulations to put both saving and creating energy on an equal footing. In 1986, China's State Council published a temporary regulation on energy saving, which had since given a great boost to China's energy use.

In drafting the law, advice was obtained from State Council departments, local departments, enterprises, and experts, and it borrowed some experiences from other countries as well.

The revised law will be submitted to the Standing Committee of the National People's Congress for examination and approval.

Li Lanqing Concludes 6-Day Guizhou Inspection

HK2504143695 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 23 Apr 95

[FBIS Translated Text] Li Lanqing, member of the CPC Central Political Bureau and vice premier of the State Council, and his entourage group concluded their six-day inspection in this province on 22 April and returned to Beijing. Accompanying Vice Premier Li Lanqing on his visit to Guizhou were Hao Jianxiu, vice minister of the State Planning Commission, and other leaders and functionaries of relevant commissions, ministries, offices, and corporations, for a total of 20 people.

During their inspection, in the company of Secretary Liu Fangren, Deputy Secretary Wang Siqu, Vice Governor Wang Guangxian, they inspected Guiyang, Zunyi, and Anshun. After listening to many people's opinions and listening to the work report delivered by the provincial party committee and the provincial government, Vice Premier Li Lanqing said: Under the leadership of the provincial government, the people of all nationalities in Guizhou have worked hard together and have achieved great results in economic and social development. In

particular, Guizhou has made great contributions to the development of industry in the third line in the past and the transition of the defense industry to civilian production.

Of course, for objective and historical reasons, Guizhou still lags behind the coastal areas and is facing many difficulties in economic development. The party Central Committee and the State Council understand this very clearly and are concerned about Guizhou's difficulties. Measures have been taken to help the inland areas gradually solve their problems. You should see that, in Guizhou, there are rich resources and hardworking people and cadres of various nationalities; there is also a certain industrial foundation; in particular, there are technologists and scientists who have been working with the third-line industry for a long time. A great deal of successful experience has been gained in the reform and development of large and medium enterprises. All this represents Guizhou's advantage. Guizhou and the southwest region as a whole can certainly make good use of their resources and advantages and build up their own skilled manpower in order to accelerate economic and social development.

Li Lanqing stressed the need to strengthen agriculture as the foundation for the economy as a whole. The rate of grain self-sufficiency should be gradually raised in this province. He fully affirmed the work results of the provincial party committee and the provincial government in dispatching cadres to rural areas, especially poor areas, to help consolidate the grass-roots party organizations there and guide the local masses to develop the rural economy.

Vice Premier Li Lanqing also inspected Guizhou University, Guizhou Polytechnics College, Zui Medical College, and some other schools. He spoke with representatives of teachers and students. He said: In the long run, the biggest problem in poor areas is the shortage of well-educated people. The development of resources and the running of enterprises all require trained and skilled people. It is, first of all, necessary to develop education in order to solve this problem. Guizhou's development will rely on the proper use of the existing skilled work force, and their role should be brought into full play. On the other hand, it is of great importance to develop vocational education while regular education is being promoted. This will train more skilled workers for shaking off poverty, increasing wealth, and developing township and town enterprises. In the course of popularizing elementary education, it is also necessary to adopt realistic measures according to the local conditions. When talking about the reform and development of higher education, Li Lanqing said: Educational reform is primarily aimed at making better use of the educational resources and improving teacher quality and the results of school education.

Li Lanqing also talked about the work of state-owned commercial institutions, saying that they should do more

efficient work in promoting the circulation of commodities, should function as the main channel of commodity circulation, and should provide more conveniences for the people in their day-to-day lives. They should play a positive role in regulating the supply of goods and keeping prices stable on the markets. They should gradually adopt the agent system and promote marketing and services.

During his inspection, Vice Premier Li Lanqing also inspected all types of enterprises subordinate to the central departments and local governments. He fully affirmed the results of these enterprises in using foreign capital to diversify operations and enliven business activities.

Minister Notes Problems Facing Manufacturing

HK2604030095 Beijing ZHONGGUO XINWEN SHE
in English 1227 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (CNS)—The manufacturing sector in China is now being faced with opportunities and challenge, the Minister of Machine Building Industry, He Guangyuan, said at a seminar on development strategy of advanced manufacturing technology held here this morning.

Since the implementation of reform and open-door policy, Mr. He said, China's manufacturing industry and technology has seen dramatic changes. The machinery industry being the main component of the manufacturing sector has become one of the largest industries at home featuring a relatively big variety of products boasting a technological foundation of considerable scale. The number of enterprises and workers employed, the industrial added value and profit produced in the machinery sector took a share ranging between one fifth and a quarter of China's industries. The machinery industry provides some 20 sectors including those of energy, transport and raw and processed material with about 200 kinds of high grade outfit of equipment. A technological breakthrough was made in such sectors as digit-controlled machine tools and industrial robots. The gap in manufacturing technology between China and other industrially developed countries, however, still exists in terms of design, manufacturing, automation and management.

Mr. He was convinced that backwardness of manufacturing technology in China led to an instability of product quality; heavy consumption of materials; the weakness of new products for further development, lack of competitiveness shown by a number of China-made products in the international market; and a big deficit in foreign trade. Take products from the machinery industry for example, the import value was put at US\$43.87 billion in 1994, 38 percent of the gross national import value which showed a trade deficit up to US\$ 23.69 billion. Import of machine tools and forging press machines, all of which are considered very important to industry, was valued at US\$ 1.94 billion, making

China the second largest import country for machine tools after the United States.

Speaking of the new situation facing China in the manufacturing sector, Mr. He noted that persistent growth in domestic demand especially seen in such sectors as automobiles, electronics, the petro-chemical industry, transport, raw and processed materials and energy, all of which are developed at a rapid pace and has led to a good chance for a revival of the manufacturing sector. Meanwhile, it is a top priority that the level of China's manufacturing technology is to be upgraded as early as possible, and capability to be cultivated for the development and technological creation of enterprises by their own efforts.

Experts Forecast Economic Growth at 10.2 Percent

OW2504140895 Beijing XINHUA in English 1341
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—China's economy this year is expected to grow 10.2 percent over last year, with inflation slowing down "slightly", according to a report released today by the Chinese Academy of Social Sciences and the State Statistics Bureau.

The report concluded that China will make further moves toward slowing down the rapidly growing economy this year. Last year the economy grew 11.8 percent, and inflation went above 20 percent.

Such a forecast report is published twice a year, in spring and in autumn respectively.

Economists commented favorably on the central government's macro-economic control policies last year, saying that the policies "not only maintained the quick development's momentum for the national economy, but also reduced the influence of unfavorable elements that negatively affect healthy economic development, with inflation having peaked and being on a downward trend."

They estimate that China's gross domestic product this year will grow 10.2 percent over last year, while agriculture is expected to grow 3.5 percent, the same growth ratio as last year and manufacturing is to grow 12.8 percent, down by 4.6 percentage points from last year. Tertiary industry is expected to grow 9.6 percent over last year, or about one percentage point higher.

"This growth pattern for the GDP will keep economic development at a proper speed and help structural adjustment to a certain extent," the report said.

The report also said that inflation will continue on its downward path, which started in December of last year.

This year's retail price index will rise 14.7 percent over last year's, with the growth rate down by seven percentage points. The consumer price index will slow down to 16.8 percent this year, with the growth rate down by 7.3 percentage points.

They estimated that total investment on fixed assets this year will amount to 1.9 trillion yuan, increasing 22 percent over last year, with the growth rate down 5.8 percentage points. The growth rate is actually 11.8 percent when adjusted for inflation, with a drop of four percentage points from last year.

The total retail sales volume is estimated to be 1.98 trillion yuan, growing at an inflation-adjusted rate of 7.6 percent.

The experts also said that total import volume will be 133 billion US dollars' worth, a rise of 15.3 percent over last year, and total export volume will reach 145 billion US dollars, a rise of 19.7 percent over last year.

However, the economists said, China's economic growth will continue to be challenged by high inflation, weak agricultural foundation, and "difficulties and pressure" in state enterprise reforms.

They said that the central government must continue its macro-economic controls in order to make the national economy progress towards its goal.

Customs Officials Meet To Discuss Regional Plan

HK2604072895 Beijing CHINA DAILY in English 26 Apr 95 p 1

[Article by Wang Yong: "Talks Focus on Making Better Use of Customs"]

[FBIS Transcribed Text] Asia-Pacific customs officials met in Beijing yesterday to thrash out a regional strategic plan for closer co-operation.

The Fifth Regional Conference of Customs Administrations, which ends on Friday, will discuss major accomplishments and problems in member administrations of the World Customs Organization (WCO) among other things.

Over the past two years, China Customs has been continuously reforming its operation systems to establish a socialist market economy, China Customs officials told the conference.

Some of its achievements include:

- More than 50 customs offices have been set up in inland areas to facilitate the declaration by inland enterprises through the practice of customs transit;
- More bonded areas managed according to international practice have been set up;
- To ensure the effective enforcement of Customs laws and regulations while simplifying clearance procedures in field operations, China Customs began to adopt the practice of external audits in 1993.
- To strengthen International Property Rights border protection, the Chinese Government has been working hard to draft the Regulation on Border Protection of IPR.

—In 1994, China Customs launched three anti-smuggling operations along the southeast coastal region. China Customs also has continued its efforts to crack down on drug trafficking and smuggling of cultural relics. Last year alone, China Customs seized 221.4 kilograms of smuggled drugs, 8,225 kilograms of chemicals used to process drugs and 10,087 cultural relics.

—To undertake border protection of intellectual property rights by getting actively involved in both formulation and enforcement of IPR protection regulations.

—To amend certain provisions of China's Regulation on Import and Export Tariffs to mesh with the General Agreement on Tariffs and Trade Valuation Code.

—To achieve computerized management of Customs by applying an automated entry processing system more widely.

—To combat commercial fraud maintain trade order and safeguard legitimate interests of enterprises.

China was elected the regional representative in 1993. The term will expire at the end of this June.

Growing Income Gap Between Residents of Major Cities

HK2604050495 Beijing ZHONGGUO XINWEN SHE in English 1111 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (CNS)—While the income of urban residents is increasing, the income gap between them is also widening, according to a survey on 30,000 urban households conducted by the Investigation Team for Urban Economy under the State Statistical Bureau.

There were four features in the income of urban residents last year:

1. Income from wage was greatly raised.
2. Non-wage income continued to increase.
3. There was a sharp rise in income of the self-employed.
4. Financial difficulties facing the retired were considerably relieved.

Income of urban residents was generally raised.

While the overall living standard of urban residents was improved last year, income growth differed between different groups of people and regions. East China has the highest income, and the gap between East China and West China has been further enlarged. Guangdong, Shanghai, Beijing, Zhejiang and Guangxi have topped China's income list. Whereas Guangdong is the highest with an average per capital income of RMB [renminbi] 6,378, 82 percent higher than the national average and 1.5 times higher than that of Inner Mongolia which is the lowest.

No Plans for SEZs in Central, Western Areas

HK2604071795 Beijing CHINA DAILY in English 25
Apr 95 p 4

[Article by Zhang Xia: "SEZs Won't Move Inland; Blueprint for West Expected"]

[FBIS Transcribed Text] The central government has no plans to establish special economic zones (SEZ) in central and western areas of the country, said an official from the Special Economic Zones Office under the State Council, China's cabinet.

Those hinterland areas should explore ways suitable to their own characteristics to develop their economies, he said. Some domestic newspapers recently misquoted the office as saying that special economic zones would be established in central and western China. Liu Xiaohua, Department Director of the office, refuted this as groundless.

"The State has never had such a plan and the office had never officially released such news," Liu told China Daily.

Because of their different geographical and economic situations, the central and western regions will not follow SEZ methods in developing their economies, said Liu.

The five SEZs, Shenzhen, Shantou and Zhuhai in Guangdong Province, Xiamen in Fujian Province and Hainan Province were initiated over a decade-long period from the late 1970s to the late 1980s, when reform had not spread nationwide.

"SEZs were established as experimental fields for the country's reform drive," said Liu. "New systems were adopted in these areas on a trial basis before exporting them to other areas of the country," he said.

The SEZs were also set up for the experimentation of the "one country, two systems" policy, put forward by senior leader Deng Xiaoping in readiness for the return of Hong Kong and Macao to Chinese sovereignty, said Liu.

Taking advantages of their geographical situations and preferential policies granted to them by the State, these SEZs strive to attract foreign investment and engage mainly in export-oriented processing industries.

Central and western regions lack adequate transportation networks, but boast rich natural resources, such as energy, minerals and farm products.

"It is impossible for them to follow the SEZs and develop export-oriented industries," Liu said. Their development should be focused on energy and metallurgical industries, which aim to meet the need of the national economic development.

"Current policies on developing central and western regions however are not attractive enough, in terms of returns on investment, to net domestic and foreign investment," said Liu.

The government, however, has given top priority to the economic development of the hinterland.

Some central government departments, such as the State Planning Commission and the State Economic and Trade Commission, are mapping out blueprints for the development in these regions.

This is also a substantial way to narrow the gap between the east and west, which was one of the important issues addressed at the annual session of the National People's Congress held in March.

"The government will give preferential policies to the development of energy industry and the exploration of abundant resources there," Liu said.

Central and western regions have many traditional industries, such as machinery building and textiles, which are in an urgent need of technical renovation. Preferential policies should also be given to lead investment and loans into this aspect.

Some large energy projects in the hinterland, such as the Three Gorges Dam, are enjoying policies of development zones. Large amounts of investment from both home and abroad have been attracted.

There are other resources, such as oil in Xinjiang Uygur Autonomous Region, coal in Liupanshui, Guizhou Province and iron in Panzhihua, Sichuan Province, which need to be explored.

Unlike the processing industry in coastal areas, resource exploration and technical renovation in the hinterland requires enormous investment and time to yield economic returns, said Liu.

The government is managing to improve the transportation in the middle and west through large investment and active use of international loans. Poor transportation has long hindered the economic growth in these areas.

In the latter half of the year, the government is expected to work out a mature development plan for the hinterland, the office said.

Asked about the future role of the five SEZs, Liu said that they will continue to exist and the government's policies on them will remain unchanged.

According to Statistics Number of Poor Dropped

HK2604072995 Beijing CHINA DAILY in English 26
Apr 95 p 4

[China Daily Commentary: "Battle Against Poverty"]

[FBIS Transcribed Text] The number of China's poor has dropped from 80 million in 1992 to 70 million by the end of 1994, according to the latest published official statistics.

China's rural poverty line in 1994 was set at 440 yuan (\$52), a figure reached on the basis of China's overall actual conditions. The per capita net income of China's farmers last year averaged 1,220 yuan.

In 1978 China had about 250 million rural poor, upwards of one-third of the total population. Thanks to new rural policies which brought into full play the enthusiasm of the farmers, in as short a time as seven years the number of poor was reduced to 125 million in 1985, or about one-10th of the population, a remarkable achievement indeed.

From the mid-1980s on, the government began to make greater efforts to relieve rural poverty in more concrete and diversified ways and on a larger scale across the country. One of the targets of the Seventh Five-Year (1986-90) Development Plan of National Economy was to ensure most rural people struggling in poverty a full belly and warm back by the time the plan was concluded.

As a result the rural poor decreased to 80 million, or 8.7 per cent of the total population, in 1992.

At the beginning of 1994, the State Council began to implement a programme targeting the delivery of the remaining 80 million from poverty by the end of this century as an important integral part of China's economic and social development in the following seven years.

The fact that another 10 million people have been brought above poverty line indicates the initial success of China's programme to eliminate poverty.

However, it is realized that the further the work of poverty elimination proceeds, the harder it will be to achieve results.

This is because those who remain poor mostly live in out-of-the-way, mountainous, cold or rocky and arid areas, which are afflicted with acute water and power shortages, poor transportation facilities and low education level, making human and resources development extremely difficult.

A new feature of the current help-the-poor programme is that rather than issue ready money to the poor, it uses the appropriations to build infrastructural facilities for transportation and drinking water supply for the poverty-stricken areas and to set up markets that exploit local special resources. It also helps to popularize vocational training and wipe out endemic diseases and illiteracy to upgrade these areas in terms of educational and health level.

Help to the poor areas is not only an unshirkable duty of the government. It should also be the concern of the whole society. So far, government departments and various sectors of the society are each making their share of contribution to this imperative and meaningful cause.

It is encouraging to hear that the Ministry of Power Industry promises, by the end of the century, to bring

electricity to all the counties which are still without it. The Ministry of Agriculture calls for township-run enterprises in coastal and eastern areas, which are richer, to co-operate and help their counterparts in central and western areas, where the poorest pockets are scattered.

In response to a call of their own association, industrialists and entrepreneurs plan to launch 700 projects and train skilled personnel for the poorest districts in the last seven years of this century. Project Hope, which is intended to bring children of poor families back to school by private and institutional donations, has received enthusiastic response from home and abroad and achieved enormous results.

Judging by the progress made in the past and the measures that now are being taken, China can hope for the eradication of poverty by the end of this century despite the difficulties ahead.

The fulfillment of such a colossal task will mean much to the stability of the society and to the unity of our many ethnic groups. It will also reflect credit on the image of socialism which advocates common prosperity.

Low-Cost Housing Planned for Low-Income Citizens

OW2604080695 Beijing XINHUA in English 0711 GMT 26 Apr 95

[FBIS Transcribed Text] Changzhou, April 26 (XINHUA)—China plans to build more affordable houses for low-income residents as part of an ambitious program to improve the living conditions of the Chinese people, a senior government official said here today.

In building such low-cost houses, China will not sacrifice the construction quality, but will try to make them not only economical but also cozy and attractive, said Li Zhendong, vice-minister of construction at an ongoing national working conference.

According to a blueprint mapped out by the State Council, China's highest governing body, 150 million sq m of affordable houses will be built within about five years, in addition to the current 200 million sq m built annually.

The houses will be sold at cost price to urban residents with poor living conditions and other low- and relatively low-income people, including government officials, said Li, adding that the builders will enjoy preferential policies in land use and taxation.

China officially kicked off the massive "Affordable Housing Project" in February this year for low and middle-income residents, and has decided to pump a huge amount of money into the program. A total of 12.5 million sq m of affordable houses is expected to be constructed this year in 57 cities and coalfields, with investment up to 12.5 billion yuan. The project will be financed by the central and local governments.

Li Zhendong urged that effective measures be taken to ensure the quality of the houses.

Affordable houses by China's standards means residences under 55 sq m.

The government has set the priority in providing mortgages loans to those who have difficulties in buying houses. Individuals who buy houses will be in possession of them after living in them for five years and pay the required taxes, the vice-minister said.

Ministry of Labor Launches Re-Employment Project

HK2604072795 Beijing CHINA DAILY in English 26 Apr 95 p 1

[Article by Cao Min: "Plan to Fix Plight of Jobless"]

[FBIS Transcribed Text] The government has decided to launch a nationwide re-employment project to help the country's 8 million unemployed and surplus workers find jobs within five years.

The State Council—China's cabinet—just approved the project mapped out by the Ministry of Labour.

The project will be introduced in 30 selected cities this year to create new job opportunities and provide professional training courses for job-seekers.

In the ministry's programme provincial governments would strengthen the management and supervision of unemployment insurance funds and raise more money to help resettle the unemployed or laid-off workers. But the ministry did not disclose how much would actually go to the jobless.

An enterprise would prioritize the resettlement of its employees upon declaring bankruptcy.

Local governments are encouraged to adopt preferential policies for businesses that hire the unemployed, said the labour ministry plan.

For example, such enterprises will be exempt from some taxes and allowed more access to bank loans and other materials.

The programme stipulates that more attention be directed to improving redundant workers' skills through training and offering them services for transferring to new posts or occupations.

Labour Minister Li Boyong said at a symposium in Beijing yesterday that China faces a rather stern picture of employment, simply because of its huge population.

He said that in the future more people will be thrown into the sizzling labour market to hunt vacancies.

More workers are being laid off as Chinese enterprises reform and adjust their industrial structure to improve efficiency and benefits, Li said.

The number of jobless workers who received unemployment relief last year reached 1.87 million. That's equal to the total of unemployed workers from 1987 to 1993.

The problem of redundant workers could be more serious—about 3 million workers are now underemployed.

They are the most vulnerable in any further workforce reductions from enterprises desperate to improve their bottom line.

"The re-employment project needs attention and support from all sectors for it is a comprehensive social project," said Li.

Liaoning—one of the major provinces of heavy industry in China, helped 48,000 unemployed find jobs last year and provided 120,000 laid-off workers with new job opportunities thanks to the project.

The province plans to resettle 200,000 redundant workers through various channels, especially those in State-owned enterprises.

Beijing, Shanghai and Shandong also will introduce a series of measures to provide more job opportunities for the unemployed or laid-off workers this year.

Urban Unemployment To Be Kept Within 3%

HK2604050395 Beijing ZHONGGUO XINWEN SHE in English 1111 GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (CNS)—The news from the Ministry of Labour said that this year China will control the unemployment rate in cities to within 3 percent.

According to the official data, at the end of last year, there were 4.8 million unemployed people in cities and towns, and the unemployment rate was 2.9 percent, figures which exclude the several million workers who had to receive subsidies to supplement their income.

This year, the focal point of reform in China is the state-owned enterprises which do not have full employment. Enterprises with long-term losses and cannot pay off their debts will be suspended, reorganized or even be made bankrupt. In last year's economy, state-owned enterprises fared better, but the losses of some enterprise still increased heavily. 34.3 percent of state-owned enterprises showed losses.

The experts concerned think that the economy in urban areas not only has to accept the labourers who have left state-owned enterprises but also the 30 million farmers who have left their land. The main solution to these problems is to provide employment opportunities in rural areas.

Experimental Firms' Former Staff Get Unemployment Benefits*HK2604055095 Beijing RENMIN RIBAO in Chinese 3 Mar 95 p 2*

[Report by reporter Wang Yantian (3769 1750 3944): "Labor Ministry, State Economic and Trade Commission Issue Circular Saying That Laid-Off Workers in 100 Experimental Enterprises Will Enjoy Unemployment Insurance"]

[FBIS Translated Text] Beijing, 2 Mar (RENMIN RIBAO)—In recent days, the Ministry of Labor and the State Economic and Trade Commission jointly issued a "Circular on Coordinating Enterprises in Conducting Experiments on Deepening Reform and Doing a Good Job in Unemployment Insurance." The circular states that it is necessary to bring into full play the role of unemployment insurance in promoting the experiments in establishing a modern enterprise system and in optimizing fund structure. It stipulates that redundant workers laid off by the 100 companies chosen by the State Council to experiment with the modern enterprise system will enjoy the benefit of state unemployment insurance.

The "Circular" points out that such workers may, by bringing the list and relevant documentation from their former employers, register at the labor departments in their localities, and enjoy the benefits of unemployment insurance. These labor departments must accept them, and must use the unemployment insurance funds available to guarantee the basic living of these laid-off workers and to assist them in getting new jobs. As for redundant workers laid off by enterprises authorized at the provincial level to experiment with the modern enterprise system, the local labor departments should decide the scope of accepting them, depending on what their unemployment insurance funds can bear. If, for the time being, they are unable to accept them, they also should energetically coordinate with the enterprises in making good arrangements for the surplus workers. Moreover, all localities should encourage and support the existing labor employment service enterprises in tapping their potential, expanding their production and operations, and setting up new shops so as to create new posts for unemployed and redundant workers and staff members.

New Regulations for Firms To Register Assets*HK2604070695 Beijing CHINA DAILY in English 25 Apr 95 p 1*

[Article by Liu Weiling: "New Plan to Register State Use of Assets"]

[FBIS Transcribed Text] The State Administration for State Property yesterday said China will register State assets used by administrative institutions at the beginning of next year.

The set of regulations published yesterday by the administration stated that organizations are required to report and register their assets with local State assets administration departments.

The regulations stipulate that finance departments and higher authorities will stop or delay fund allocation to those units and institutions which refuse to register their State assets.

After completing registration, the administration will analyze the operation of State assets in these units.

Administration officials said the move aims to strengthen management and improve utilization of State assets in this field. This ensures that State administrative organizations perform their duties.

Various channels have been draining State assets, so the government is tightening their management in overseas joint-stock companies and in enterprises' use of natural resources.

The necessity to manage State assets in administrative institutions became obvious last year. Statistics showed that State assets accounted for one quarter of the country's total, reaching 892.4 billion yuan (\$106.2 billion) at the end of 1993.

The administration and the Ministry of Finance published China's first management regulation on State assets in administrative units in February.

1st Quarter Crude Oil Production Reported*OW2604020495 Beijing XINHUA in English 0130 GMT 26 Apr 95*

[FBIS Transcribed Text] Beijing, April 26 (XINHUA)—China produced more than 36 million tons of crude oil in the first quarter of this year, a slight increase from the same period of last year.

According to the China National Petroleum Corporation today, China's onshore oil production in the first three months stood at 34 million tons, 0.3 percent more than a year earlier.

Figures released by the China National Offshore Oil Corporation showed that the country's offshore crude output registered a 30-percent increase, to reach 2.14 million tons during the January-March period.

Oil experts said that the major oilfields in eastern China have continued to maintain stable production, while the newly developed oilfields in the western region, such as those in the Turpan-Hami and Tarim basins, hiked their output.

They said they believed that the country's crude oil yield for the whole year will exceed 145 million tons.

Meanwhile, during the first three months China produced more than four billion cu m of natural gas, up two

percent from the corresponding period of last year. Of the total, the onshore output amounted to 3.98 billion cu m.

China is expected to produce about 16.5 billion cu m of natural gas this year, according to experts.

ACFTU Official on Problems of Market Economy
*HK2604042495 Hong Kong AFP in English 0352 GMT
26 Apr 95*

[By Gilles Campion]

[FBIS Transcribed Text] Beijing, April 26 (AFP)—May Day, the traditional workers' festival, will be a time of gloom for China's trade unions, forced to walk a tight-rope between the demands of their workers and the interests of the state.

"Relations between employers and employees have changed recently," admits Wang Yuxian, director of the International Liaison Department of the All-China Federation of Trade Unions [ACFTU], which traces its origins back 70 years. "In the past, unions were supposed to protect the interests of the state and the workers. But today we feel our primary concern is to protect the interests of the workers," he said. "The introduction of market economics in China has been accompanied by the drive to make a profit. And like other countries with a market economy, China is now also experiencing unemployment," he added.

The federation is conservative, state-run and the only official union organisation permitted in China. Its role therefore is one of welfare, rather than lobbying for any political change, to try ease social suffering. According to federation statistics, the unemployment rate was 2.9 percent at the end of 1994, totalling about 4.8 million people. The figure was based only on the urban working population of 165 million people, although the total labor force is estimated at 820 million, the vast majority of it in the countryside.

"The other problem we face is that there are between 15 and 17 million surplus workers in state enterprises," Wang said. "If we were to lay off all these employees at once, we would destabilise society." "We are therefore trying to solve this problem at company level, by organising training programs and helping those workers who are most in need," he added. The federation says that seven million employees in the state sector, where most companies are in the red, have agreed to reduce or suspend their wages to help firms survive the earthquake of economic change initiated by patriarch Deng Xiaoping. Trade unions spent almost a billion yuan (119 million dollars) last year on welfare and provides retraining to 2.2 million people annually. "We have also opened about a hundred employment agencies and set up small shops and firms that created 690,000 jobs last year," Wang said.

Other solutions for slimming payrolls include early retirement and laying off workers, handing them bonuses of one month's pay for each year of service, to a maximum of 12 months. Once a company has exhausted all these options, bankruptcy is inevitable. At the end of 1994, 52 state enterprises closed their doors, throwing thousands of workers onto the street. "In 1993, we adopted rules allowing for unemployment pay for one or two years depending if the time of service was more or less than five years," Wang said. These handouts represented, depending on the region, between 120 and 150 percent of the minimum salary of each province. In Beijing, where the minimum wage is 210 yuan per month, an unemployed worker would receive 315 yuan for one or two years. After this period the worker would only earn minimum wage. "This system only applies to state enterprises, but the government is trying to extend these benefits to private and collective companies," he added.

Last year 20,000 labor disputes were recorded, the majority in private or joint venture companies, an increase of 66 percent over 1993. Most of them were linked to lay-offs or disciplinary measures. "Some bosses think that with the reforms, anything can be allowed. That is false. The workers are still the owners of enterprises and they should be consulted in major decisions," Wang said.

Before 1993, only 10 percent of joint ventures had unions. At the end of 1994, the rate exceeded 60 percent. The unions are usually tasked with ensuring that the minimum wage is enforced—particularly in the prosperous southern provinces of Guangdong and Fujian where foreign investors often try to take advantage of an uneducated rural work force.

"The big difference with these foreign unions is that we participate in the making of labor laws, such as the minimum wage and the 40-hour work week which is scheduled to begin on March 1," he said. "That's why we think that strikes are not a good way to improve the situation of a troubled industry. Our country is socialist, therefore the interests of the workers are the same as those of the state."

Research Center To Encourage Scholars' Return

*HK2604073695 Beijing RENMIN RIBAO in Chinese
12 Mar 95 p 3*

[Report by reporter Jiang Yaping (5592 0068 1627):
"China Economic Research Center Set Up"]

[FBIS Translated Text] A high-level research organ mainly for overseas scholars who have returned to China—the China Economic Research Center—was set up at Beijing University on 11 March. The center has the qualification as an independent legal person, and has instituted a director-responsibility system under the leadership of the board of directors. It is a new exploration in teaching and scientific research reforms at Beijing

University, and an innovative attempt to draw overseas scholars back to China to work.

According to the head of the center, Prof. Lin Yifu, the main functions and tasks of the China Economic Research Center are to do systematic research into, and analysis of economic theory, especially medium- and long-term theories and policies concerning China's economic reform and development. It will handle special research programs entrusted by the government, business circles, and international institutions, and will recruit MBA students in conjunction with relevant units. It also will provide convenience in work and living for foreign and overseas scholars doing research in China.

Finance & Banking

Central Bank Predicts Measured Growth

OW2504093695 Beijing XINHUA in English 0852
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—China's economy will probably grow by around nine percent in 1995, since the government intends to achieve the double goals of containing inflation and reducing unemployment, according to the latest forecast by the People's Bank of China (PBC).

The increase in investment in fixed assets, a major indicator of China's economic expansion, is likely to see a drop compared to last year, when it stood at 27.8 percent, said the PBC, the country's central bank in its annual economic and financial outlook, published here today.

The currency issue in 1995 could be limited to around 142.4 billion yuan, or the same amount as in 1994 if no emergency takes place. The money supply, or the broad money in banking jargon, is expected to see an increase of between 23 and 25 percent, said the PBC annual report.

This year the central bank's refinancing of financial institutions will be increased, but not surpassing too much the rate of 42 percent in 1994. However, a considerable part of the refinancing will be shifted to rediscounts as a way to enlarge the scope of rediscounting facilities.

In gradually reducing the money stocks built up over the past few years, the central bank plans to withdraw 30 billion to 50 billion yuan from refinanced loans in the first half of the year, according to the report.

The central bank's forecast also hints that there will be "timely and flexible interest rate adjustments" this year, including adjustments of the central bank's refinancing rate and financial institutions' deposit and lending rates.

In an analysis of this year's situation of the balance of international payments, the report says that whether or

not China enters the World Trade Organization on schedule will directly affect the country's foreign trade in 1995.

"If China enters the world trade body, imports will be stimulated by this new factor and achieve a rapid growth, which will possibly lead to a large trade deficit," said the PBC. "If not, foreign trade will keep the present trend and may reach about 228 billion US dollars, an increase of 15 percent, with a surplus of six billion or eight billion US dollars."

China had a trade surplus of 7.34 billion US dollars last year.

The central bank holds that China's foreign exchange reserve should be kept somewhere between 40 billion and 50 billion US dollars. "But this year the net inflow of foreign capital should be kept around 15 billion to 18 billion US dollars so as to achieve an equilibrium in the balance of payments and coordinated development of the national economy."

The PBC's annual report also forecast a roughly balanced foreign exchange demand and supply in 1995. "The situation in 1994 in which supply exceeded demand for a long period of time is not likely to be repeated."

Moreover, 1995 will be another peak year for foreign debt repayment, with the debt servicing totaling some 20 billion US dollars. "This may add to the pressure on foreign exchange demand, and will be a test of the stability of the domestic foreign exchange market," the central bank's forecast says.

Bank Governor Welcomes Central Bank Law

HK2604101995 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 3 Apr 95 p 2

[Article by staff reporter Dai Lan (2071 1526): "Shi Jiliang, Governor of Agricultural Bank of China, on 'Law on the People's Bank of China'"]

[FBIS Translated Text] "The long-awaited 'PRC Law on the People's Bank of China' was formally promulgated for implementation 22 March. This is a great event for the economic and banking circles because it puts an end to the historical period when the Chinese banking industry has had no laws to go by and because it has opened up a new chapter of Chinese banking history," said Shi Jiliang, governor of the Agricultural Bank of China, with a tone of steadiness mixed with excitement.

While commenting on the situation, the governor, who was appointed to his present position at a time when China's four major specialized banks were turning into commercial banks, said: "With the setting up of a socialist market economy, China's banking industry has entered a crucial period of reform and development and is facing formidable challenges. First, the People's Bank of China as China's central bank has to change its

function of direct regulation and control into that of indirect regulation and control and becoming a real central bank. Second, the state specialized banks have to operate the way the commercial banks do once they have turned into commercial banks. The banking law, which has come into effect, is an important law because it will serve to stabilize the currency, improve financial supervision and control, improve and strengthen the state's macroeconomic control, and ensure the financial reform proceeds smoothly. The 'PRC Law on Commercial Banks' will also be promulgated soon. It will undoubtedly greatly stimulate the ongoing financial restructuring and will also exert a far-reaching impact on the international financial market.

"The promulgation and implementation of the central bank law is an inevitable outcome of the development of China's market economy. Generally speaking, the market economy is one featuring freedom and competition. But the freedom and competition are relative and they must be based on equal terms and guided and restrained by regulations and laws. Through our positive and negative experiences, and through the practice of economic restructuring and developing a market economy, we reached the following consensus: The market economy is a legal [fa zhi 3127 0455] economy. A perfect market economy calls for the protection of a whole set of perfect economic laws. The law on the central bank is such a law and its role as the "dragon head" in regulating the financial market and in setting up a socialist market economy should not be underestimated. 'Once the key link is grasped, everything falls into place.' The central bank law as the first law in China's financial history has laid a solid foundation for China's financial legalization and also laid down the basic principles for China's financial laws and regulations."

[Dai] The central government has appointed, through the form of legislation, the People's Bank of China as the central bank, which will exercise supervision and control over China's financial industry, and has defined the objective of the monetary policy. Will you please comment on that?

"The experience of economically developed Western countries shows a powerful central bank plays a decisive role in exercising state macroeconomic control. The problems cropping up in the course of our economic development such as excessive economic growth, inflation, and price increases had, in a sense, something to do with the lack of a central bank law, making it difficult for the People's Bank of China to play the role of a central bank. Now that the National People's Congress has adopted the central bank law and appointed the People's Bank of China as the central bank through legislation, the People's Bank of China will, under the leadership of the State Council, formulate and implement monetary policy and exercise supervision and control over the financial industry free of interference from local governments, mass organizations, and individuals. The central

bank law has specially defined the objectives of monetary policy: 'Stabilizing the currency value and promoting economic growth.' The law has also entrusted the People's Bank of China with the means, namely, the tools of monetary policy, to attain the objectives. I am convinced that with the protection provided by the law, the People's Bank of China will play a more important role in exercising state macroeconomic control." After pausing a moment, he continued: "Past facts have proved that a country's sustained economic development depends upon a prosperous and stable market. The survival and development of commercial banks and orderly competition among financial institutions depend on a sound financial environment. The central bank law has stipulated that the central bank, under the leadership of the State Council, exercise supervision and control over China's financial institutions and their operation and has entrusted to the central bank the necessary powers for exercising that supervision and control, so the central bank now holds both the post and the power and has had its responsibilities clearly defined. 'Without a pair of compasses and a ruler, you could not draw a circle and a square.' Only with a law in force can we keep things in order and create a large-scale financial market."

"The Agricultural Bank of China, after having comparatively thoroughly segregated policy-related business, is turning into a state-owned commercial bank, marking a new stage. As a commercial bank, the Agricultural Bank of China must enter the market, be responsible for its own management, take risks on its own, be responsible for its own profits and losses, and practice self-restraint. Hence, it greatly needs the guidance and protection of a law. Early this year, the Agricultural Bank of China came up with the following general development strategy: Make attracting deposits its basic business, promote the bank's business by raising its efficiency, and run the bank according to law, with running the bank according to law as the key. We must make legal construction penetrate into every stage and every link of banking and subject banking to the protection and restraint of the law by setting up and improving the self-restraint and self-protection mechanisms. The central bank law and the 'PRC Commercial Bank Law' to be promulgated later will provide a legal protection for the Agricultural Bank of China turning into a commercial bank and for its development. The Agricultural Bank of China will support the People's Bank of China in exercising supervision and control over financial institutions and consciously safeguard legal and prudent operation of the financial industry.

Economists Call For Stable Macroeconomic Policy
OW2504150595 Beijing XINHUA in English 1431
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—The central government should continue to make curbing inflation its foremost task in deciding macroeconomic controls this year.

The remark came from economists from the Chinese Academy of Social Sciences and State Statistics Bureau at a seminar here today.

They forecast that China's gross domestic product will rise 10.2 percent over last year, an estimate that is slightly higher than the eight to nine percent announced by Premier Li Peng in his government work report earlier this year.

They said that the retail price index will rise 14.7 percent, which is the same as what the central government's goal of inflation control this year is.

"Only when a clearly oriented macro-economic policy is sustained for a certain period of time can apparent results surface, and the time length should be at least half a year," the economists said.

Nevertheless, they said, short-term small changes are necessary in carrying out the macro-economic control policy but such changes can take place only while the macro-economic policy remains unchanged, rather than tinkering with the macro-economic policy itself.

They proposed that the government maintain an appropriate investment scale, make structural adjustments and move toward basic facilities and infrastructure this year, to provide a more favorable environment for future economic development.

Shanghai To Establish Urban Cooperative Bank

OW2604100695 Beijing XINHUA in English 0858 GMT 26 Apr 95

[FBIS Transcribed Text] Shanghai, April 26 (XINHUA)—Shanghai should speed up its steps to set up an urban co-operative bank, according to a senior banker.

"That will help build this metropolis into a financial center and commercialize the state-owned banks here," said Zhu Xiaohua, deputy governor of the People's Bank of China, the country's central bank.

The Shanghai Urban Co-operative Bank should act as a non-state-owned bank with Chinese characteristics to offer financial services for the city's economic growth, said Zhu, who is heading a group for the setting up of urban co-operative banks in China.

"The establishment of a Shanghai urban co-operative bank will strengthen the city's capability to regulate its economy, standardize its credit co-operatives, stabilize the financial order and strengthen the central bank's supervision," Zhu noted.

Shanghai is now amalgamating its credit co-operatives into an urban co-operative bank.

The credit co-operatives came into being in the mid-1980s. By the end of 1994 the 99 urban credit co-operatives in Shanghai employed 4,250 people, received 18.57 billion yuan in savings from enterprises, and distributed loans totalling 6.36 billion yuan.

The Shanghai Urban Co-operative Bank is to be set up this year. As a regional share-issuing commercial bank, it will be not only more powerful than the urban credit co-operatives but more flexible in management.

Foreign Trade & Investment

Exports to U.S., Japan Grow in First Quarter

HK2604070595 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 26 Apr 95 p 1

[By Chan Po Chung]

[FBIS Transcribed Text] China's exports gained strong momentum in the first quarter, producing a larger trade surplus in its favour with two of the world's largest economies. Exports to the United States and to Japan soared 42 per cent and 61 per cent, respectively, in the first three months over the year-earlier period.

During the period, China nearly doubled its trade surplus with the US, customs figures released by Beijing yesterday indicate. Exports to the US were US\$4.92 billion (\$38.6 billion) in the quarter, while imports grew only 19.8 per cent, to US\$2.83 billion. The resulting surplus in China's favour was US\$2.09 billion, up 89.6 per cent over the year-earlier first-quarter gap of US\$1.1 billion. Exports to Japan were US\$5.55 billion in the quarter, while imports grew a mere 12.7 per cent, to \$5.35 billion.

Market watchers said China's export surge was mainly due to the strong yen, which has risen sharply against a continuously weak US dollar. Eddy Li, president of the China & Hong Kong Economic & Trade Association, said the surge should continue if the yen remains implacable. "A strong yen had encouraged Japanese manufacturers and importers to switch to the mainland suppliers," Mr Li said. "The trend was facilitated, as a large number of Japanese manufacturers, such as home appliances producers and electronic manufacturers, have already moved their production bases into China."

As a result, the export figures were boosted as a sizeable amount of the goods were shipped back to Japan, Mr Li said. Industrialists said Hong Kong would benefit from such a development, as most of the Japanese manufacturers on the mainland had their head offices in the territory. "Why shipments from Japan to China only achieved a slim growth was also due to the same result," Mr Li said. "It is quite obvious that China would purchase less Japanese goods, as they are becoming too expensive."

The rocketing trade surplus, fuelled by a flood of direct foreign investment into China and "hot money" coming in to take advantage of the local currency's appreciation, had tremendously pushed up yuan's rate. The Chinese yuan ended sharply higher against the US dollar in Shanghai yesterday, recording its biggest single-day gain this year with the central bank largely sidelined. It closed

at 8.4164 yuan to the dollar compared to 8.4218 on Monday with state banks dumping the US unit.

Meanwhile, the People's Bank of China said yearly performance of foreign trade would depend on whether or not China gained admission to the World Trade Organisation. The bank acknowledged that success in gaining membership would result in a surge in imports and a large trade deficit, while failure would see trade volume continuing to grow at present levels to US\$228 billion, up 15 per cent over 1994, for a surplus of up to US\$8 billion.

Central Bank Terms Downgrading 'Regrettable'

OW2504141195 Beijing XINHUA in English 1343
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—Moody's downgrading of four Chinese banks' credit ratings was "surprising and regrettable", according to a spokesman of the People's Bank of China, the country's central bank.

"The downgrading is not in line with the economic situation and the banking system in China," he explained.

It is learnt that Moody's is worried that China's current financial reforms will change the relations between the government and banks, and affect the quality of the banks' assets.

According to the spokesman, this shows that Moody's does not understand the fact that China's state-owned banks are expanding and improving their management.

Moody's Investors Service Inc. downgraded the credit ratings of the Industrial and Commercial Bank of China, Construction Bank of China, the Bank of China, and the Communications Bank, on April 18.

China is changing the first three banks into commercial ones. "We have made it clear that they are still state-owned," and the government will continue its firm support, as well as for the Communications Bank, whose shares are held by the state and state-owned enterprises, he said.

These banks will remain the main channels for raising overseas funds to fuel economic expansion while "standardizing their management to boost their reputations," he said.

China established official policies in 1994 to help keep financial transactions apart from the state-owned commercial banks.

"It has no bad effect on the quality of their assets, but rather encourages them to improve their management and the quality of the state-owned property," he said.

The state-owned commercial banks have increased their cash reserves to cover bad debts on a year by year basis, and have kept up their domestic and overseas payments as they should.

The central bank has also unveiled a series of regulations since 1994 and has strengthened its checks on the operation of the banks and other financial institutions.

In building up the state-owned commercial banks, "the government and the financial departments have tried to see to it that the banks run smoothly and that a complete set of regulations and rules is set down, and they have given top priority to the safety of the financial system," he said.

"All these measures can only strengthen the four banks and further raise their credit ratings," he added.

Workshop on Trade Unions in Joint Ventures

OW2604074095 Beijing XINHUA in English 0653
GMT 26 Apr 95

[FBIS Transcribed Text] Beijing, April 26 (XINHUA)—An international workshop on the situation of trade unions in joint ventures was held in north China port city of Tianjin Tuesday.

Sources from the All-China Federation of Trade Unions (ACFTU) said that representatives from the trade union organizations of 16 countries, including China, Japan, India, Germany, France, Italy and Russia, would exchange views on joint ventures, roles of trade unions in these businesses and the protection of workers' interests and rights at the four-day workshop.

Statistics show that China now has some 100,000 Sino-foreign joint ventures, which have over 10 million employees. Some 32,000 joint ventures have set up trade unions.

The international workshop is one of the largest that has ever been held by the ACFTU, since China started its reform and opening up drive in that late 1970s.

Participants in the workshop are scheduled to visit the Tianjin Scientific and Technological Development Zone to get further information about the work of China's trade unions in joint ventures and state-owned enterprises.

Chemical Industry Minister Seeks Investors

HK2604073095 Beijing CHINA DAILY in English 26
Apr 95 p 5

[Article by Zhang Yu'an: "Chemical Tour Seeks Investors"]

[FBIS Transcribed Text] Chinese Chemical Industry Minister Gu Xiulian left Beijing yesterday for a three-week trip to North America to seek cooperation and investment partners in the United States and Canada.

Gu and her delegation will meet government officials as well as business executives of the two countries.

The Chinese will present 20 cooperative projects to potential American and Canadian investors. The

projects areas cover petrochemicals, plastics, fine chemicals, farm pesticides and chemical fertilizers, and basic chemical materials.

Meetings have been planned between the minister and officials of US firms, including Du Pont, Dow Chemical, Kodak Texaco and Monsanto.

"We expect our visit will help US and Canadian business people know more about China's chemical industry development strategy, help us get familiar with the development of the chemical industry in the US and Canada, and thus, further strengthen co-operation between the three countries," Gu told China Daily.

During her stay in the US, Gu will attend first a joint working conference of her ministry and the US Commerce Department. The conference was scheduled according to an agreement signed between the two governments last year.

While carrying out economic reform policies, China hopes to boost its local industry and needs to introduce more foreign equipment, technology and capital, Gu said.

Under this condition, "we encourage US chemical firms to participate in development of China's chemical industry," Gu noted, adding that chemical industry will be developed into one of the pillar industries of the Chinese national economy in the Ninth Five-Year Plan Period (1996-2000).

This year, China's chemical industry plans to bring its output value to 210 billion yuan (\$25 billion) at the 1990-constant price and has set a target of 10 per cent annual growth rate in the 1996-2000 period.

The Chinese delegation also includes entrepreneurs from the Lucky Film Group headquartered in Baoding, Hebei Province and the Nanjing Chemical Corp in Jiangsu Province. The Lucky is China's largest colour film producer.

Though this is Gu's first visit US and Canada as Chemical Industry Minister, Gu described the tour also as a chance to see her old friends.

In 1978, Gu visited the US with a Chinese petrochemical and chemical fiber delegation as an official of the State Planning Commission. After that visit China decided to build four chemical production bases in Liaoning, Jiangsu and Sichuan provinces and Shanghai Municipality, Gu said.

In the mid-1980s, Gu visited the United States as governor of Jiangsu Province and helped to establish friendly sister-ties with the New York State.

From May 7 to 17th, the delegation will visit Canada to promote chemical co-operation between the two countries. The delegation plans to visit a petrochemical zone and some Canadian companies, Gu said.

Xinjiang Export Growth Above National Average *HK2604030295 Beijing ZHONGGUO XINWEN SHE in English 0812 GMT 25 Apr 95*

[FBIS Transcribed Text] Urumqi, April 25 (CNS)—There is growing trend in export in Xinjiang Uygur Autonomous Region with its export value in the first quarter of this year increasing by 36.58 percent, surpassing the country's average growth.

According to sources, export via barter trade in the Region increased by 41.71 percent to RMB [renminbi] 3.4 billion in the first quarter, hitting a historical record in the Region.

The main factors for such good achievement in export made by the Region is that enterprises engaging in foreign trade have intensified the reform of their interior management mechanism and speeded up the establishment of modern enterprise system. Other factors include the improvement of surroundings for barter trade, canceling of the unauthorized subordinate companies and promotion of general trade.

British Solder Firm Sets Up Branch in Nanjing *OW2504031395 Beijing XINHUA in English 0303 GMT 25 Apr 95*

[FBIS Transcribed Text] Shanghai, April 25 (XINHUA)—A British company, Multicore Solders, has set up a branch in China to offer services to the electronics industry.

A top official of the company said that his company has already sold high-tech solder to China, which offers a huge potential market with the rapid expansion of its electronics industry.

According to the official, the solder produced by his company leads the world.

The newly-established China branch of Multicore Solders Company is located in Nanjing, capital of Jiangsu province. It is the fifth set up by the company in the Asia-Pacific Region.

Hong Kong Tycoon Views Economic Cooperation *HK2604092295 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Mar 95 p 5*

[Article by Li Ka-shing (2621 0857 6134): "Promote Common Prosperity by Revitalizing Investments in Two Places"]

[FBIS Translated Text] For a long time now, the close economic and trade exchanges between the Chinese mainland and Hong Kong have brought substantial profits to both sides. Today, the two sides have become each other's largest investment target and trading partner.

At present, China-funded enterprises are extremely active in Hong Kong. They invest in all sectors and

businesses and take an active part in the economic development of Hong Kong. It is believed that the number of large, medium, and small China-funded enterprises far exceeds 1,000. Among the more than 500 companies listed in the Hong Kong United Stock Exchange, about 10 percent are Chinese funded or state-owned enterprises. The number is expected to keep rising, which reflects the fact that investment from the Chinese mainland is playing a decisive role in Hong Kong's economic system. This tendency brings each and every sector and trade in the Chinese mainland and Hong Kong even closer to one another and this is beneficial to the prosperity and stability of Hong Kong.

The reason why Hong Kong has become an internationally renowned center for economy and trade, finance, shipping, information, and service industries is because it has perfect laws and systems as well as stable and open policies which can hold together the interests and confidence of investors. Nowadays, in terms of investment in Hong Kong, Chinese, and foreign capital are engaged in, by and large, fair competition. It is believed that this situation will remain the same after 1997 because only through fair competition in a perfect investment environment can Hong Kong successfully attract local and overseas capital and bring the creative spirit of Hong Kong people into full play. This is also the basis for the future prosperity and stability of Hong Kong.

For the Chinese mainland, the most important overseas investment comes from Hong Kong capital, accounting for about 60 percent of all investments from outside the border. They invest in various kinds of projects, including capital construction, industry, real estate, services, etc. In recent years, Hong Kong has been steadily extending its area and scope of investment in the Chinese mainland and, increasingly, fairly large groups have been investing in single projects amounting to hundreds of millions of dollars, so much so that Hong Kong capital has, for the time being, become a force not to be neglected in the economic development of the Chinese mainland. As a matter of fact, investing in the Chinese mainland has already become a trend shared by all big enterprises worldwide.

In our motherland today, under the impact of the policy of reform and opening up, all cities and provinces have left no stones unturned in developing the economy, with the level and scale of their industries steadily rising and their economies rapidly growing. Since the beginning of the 1990's, the economy has been growing speedily at a record-breaking pace. As a result, the range of growth of China's GNP has joined the front ranks in the world. The state has succeeded in putting into effect macroeconomic regulation and control. It has tried as far as possible to stabilize inflation and, on the other hand, it has maintained the economic growth rate. In recent years it has tried actively to re-enter the GATT, reform the enterprise law and the financial system, and gradually establish an investment environment putting market economy in the lead, thus enhancing the confidence of international investors.

As a powerful backing for Hong Kong, the Chinese mainland is the most ideal investment prospect. In the wake of reform and opening up on the Chinese mainland, the national income has risen continuously and a huge market has taken shape. Besides, in coordination with economic development, the demands for capital construction, construction of industrial and commercial installations, tourism, etc., have grown in very great manner. With a population of over 1.2 billion people, China provides a large amount of good-quality human resources, while wages are comparatively low in the Southeast Asian region and land prices and living cost indices are also low. Therefore, the Chinese mainland is an ideal place for investing in the manufacturing sector.

Since Hong Kong borders the Chinese mainland and is in a geographically advantageous location, it has always had close and continuous exchanges with Western countries in the fields of cultural, academic, and industrial and commercial affairs, so that Hong Kong has excellent talented personnel in each and every field with no cultural or language barriers with the Chinese mainland. This means a very significant advantage for investment there. Hong Kong can well be the middleman or bridge and business partner for foreign financial groups to invest in the Chinese mainland. Since Hong Kong has converted itself into a city with economy, trade, and service industries as its mainstay, the space for the development of its manufacturing industries has been narrowing daily, while there are tremendous industrial resources, low fixed costs, huge product markets, and extremely strong export competitive power on the Chinese mainland. If it is matched with Hong Kong as a command center for research and design, overall planning, and deployment of technology, letting Hong Kong transfer its manufacturing processes into locations in southern China, coordination of this sort will bring about ideal results for investors.

I suggest that the state set up an independent and authoritative institution for business consultation and coordination, which should include specialists from all departments concerned to arbitrate business disputes. This institution would be very important for foreign-funded enterprises, be they large, medium, or small because the Chinese mainland is a country with a vast territory and innumerable cities and towns. Many investors sign contracts of cooperation with large and small city governments and, when there happen to be some problems, they badly need some channels for consultation and communication. The setting up of such a coordination institution would exactly meet the needs of investors to protect their rights and benefits and consolidate their confidence. In dispute cases, they can secure fair and just arbitration. Such an institution should have a certain degree of transparency and after 1997 the special administrative region government should be allowed to dispatch experts in all fields to join it. If such an institution is set up, every investor would have a convenient channel to lodge an appeal when he meets

with difficulties, so much so that the investors' confidence would be greatly boosted and the state would get the maximum results with little effort in developing the national economy.

I firmly believe that reform and opening up are the national policy of China. Guided by this goal, all state and central leaders have been working hard on the state's present and future economic construction, raising national living standards, and training and cultivating with all their might specialists in all fields. Looking to the future, China will have even closer links with all other countries in the world and its active and vigorous economic growth will also top all other major countries. Hence, I hold a very optimistic view regarding the future of both the Chinese mainland and Hong Kong. With Hong Kong's economic development and the Chinese mainland linked together, Hong Kong will have real stability and prosperity only if there is stability and prosperity in the Chinese mainland. This is a law that is even more impossible to change after 1997. Thus, I am very optimistic about the investment prospects of both Hong Kong and the Chinese mainland. After China resumes its sovereignty over Hong Kong in 1997, it is believed that Hong Kong, with a strong backing from the motherland, will certainly score remarkable achievements again on the basis of "one country, two systems." I firmly believe that the prospects for the investment growth range in both the Chinese mainland and Hong Kong will astonish the people of the world and win their admiration. In the future, the development of economic relations and trade in both places will be glorious and bright.

Economic Information Daily Sums Up 1994 Trade

95CE0303A Beijing JINGJI CANKAO BAO in Chinese
20 Dec 94 p 1

[FBIS Translated Text] We can applaud the expansion of our foreign trade. A month ahead of schedule, our import export trade broke the US\$200 billion mark, making a reality of our development goal. And even more happily, this expansion was accomplished under the not very beneficial effects of rather serious inflation. Throughout the year imports and exports maintained a high and strong expansionary momentum.

Breaking 200 Billion, Trade Exhibits New Characteristics

According to custom figures, during the period of January through November, the total volume of trade broke the US\$200 billion mark, achieving US\$200.28 billion, an increase of 22 percent over the same period of 1993. Exports were \$102.53 billion, up 21 percent, and imports were \$97.75 billion, up 13.8 percent.

Foreign trade this year exhibited several new characteristics obviously diverging from previous years.

One was that throughout the year exports maintained a sustained high rate of growth. In the first half of the year

exports increased in each succeeding month: in the first four months the rate of export growth was 24.1 percent, while for the last half it rose to 30.2 percent; growth in the last half of the year held steady at around 30 percent. January to August growth rate was 31.5 percent; January to October's was 29.7 percent, and January to November's was up to 31 percent.

Secondly, growth of imports was steady. From January to November, \$84.55 billion of industrial products were imported, an increase of 12.5 percent, its ratio to total imports down somewhat from last year. The proportion of raw material type primary products increased slightly; imports of machinery and electrical appliances reached \$48.68, an increase of 18.7 percent and exceeded the overall growth rate by almost 5 percentage points. Raw materials and household necessities which were relatively tight in the domestic markets, such as vegetable oil, sugar, fishmeal, natural rubber, paper pulp, raw cotton, fertilizer, chemicals, paper and corrugated paper, and yarn maintained a high rate of growth. Machinery and electrical appliances with a relatively high technology content, raw materials which were in short supply and household necessities saw a high rate of import growth, showing clearly that China's import structure is on a trend towards improvement; the structural reform of foreign trade had a positive impact on the positive and healthy expansion of imports.

Third, there was an improvement in the balance of imports and exports and an increase in the nation's foreign exchange reserves. From January to August imports and exports already began to balance out, for the period from January to November, the export surplus was \$4.48 billion, and foreign exchange reserves were growing rapidly.

Fourth, the three types of investment enterprises' trade maintained a high rate of growth. From January to November the total value of trade for these enterprises had an increase of 33.1 percent, reaching \$74.12 billion, of which exports were \$29.16 billion, an increase of 37.4 percent and imports were at \$44.96 billion, an increase of 30.5 percent, and a net increase of \$13.71 billion, while the national trade total had an increase of \$13.49 billion. This shows clearly that next year any increase in trade will depend upon the support of these enterprises.

Fifth, ordinary trade imports and exports decreased. From January to November ordinary trade totaled \$52.09 billion, increase of 42.1 percent, but imports were down 5.4 percent, a rare happening for many years.

Achieving \$220 Billion, Macroscopic Adjustments Effective

The breaking of the \$220 billion level benefited from the impetus of the following conditions: First was the new cycle of foreign trade structural reform measures having as their core content the reform of the foreign exchange structural reform which vigorously promoted the expansion of foreign trade especially the expansion of exports.

At the beginning of this year China implemented a conjoined exchange rate, establishing a single, controlled, floating exchange rate system based on market supply and demand, establishing the conditional convertibility of the renminbi under ordinary circumstances. With the new foreign exchange system running smoothly, the exchange rate for Renminbi maintains a fundamental stability, creating the conditions for the sustained, healthy, high rate of growth of foreign trade. Reforms acts such as the improvements in the macroscopic control for foreign trade and the strengthening of the foreign trade coordination service mechanisms. The self-initiated reforms of the foreign trade enterprises and the acceleration of the transformation of operational mechanisms, and the increased devolution foreign trade operational authority, the trial implementation of compensatory bid offerings for some export product quota permits, all played a major positive role in the growth of our trade, especially the expansion of exports. Secondly, a whole series of reform measures strengthening macroscopic economic regulation had a positive impact on foreign trade exports. The measures which the state used to control fixed capital investment and consumer demand prevented an overheating of the economy, increased the enthusiasm of producer enterprises to increase exports. Add to this the fact that the economy maintained a high rate of growth, providing a relatively firm base of the supply of goods for export. This was one of the major reasons why exports could still maintain a high rate of growth during a period of relatively high inflation. At the same time while the macroscopic control measures were stemming domestic demand they also curtailed the demand for imports: this was one of the key factors for the smooth and steady import growth throughout the year, was in fact contrary to predictions: in the last several months of the year, imports did not rebound but actually slowed down (in previous years, in the final few months, imports always tended to get a bit cocky). Third, the world economy, after keeping in a state of depression for several years, turned around toward rapid expansion: the prediction is that the world economic growth rate will exceed 2.5 percent this year, with the American rate at 4 percent, Western Europe's at 2.5 percent, Latin America's at 3.5 percent, and East Asia's at 7 percent. The Japanese economy will only see a 1 percent rate of growth, but because of the appreciation of the yen, there will be an expansion of domestic demand. The outlook for the world economy is good, which will be very beneficial to the expansion of our exports. Fourth, the swift growth China's absorption of direct investment by foreign businesses is producing a major impetus to foreign trade. Imports and exports by the three types of investment enterprises grew to 37 percent of China's import-export gross value, of which exports were 28.4 percent and imports 46 percent. Some 60.8 percent of the increase in export value was created by these enterprises. The increase in imports thus was realized by these enterprises.

According to predictions of the concerned departments, based on the present growth trends, this year's gross value of imports and exports for the nation will exceed \$220 billion, again advancing to a new level above last year. Exports will be about \$115 billion and imports about \$105 billion; China's status in world trade will thus be further consolidated.

Reaching \$250 Billion: The Key Is Further Reform

We should take a look at some of the knotty problems the expansion of foreign trade will face next year. First, so far this year the rate of increase in the price of goods has been relatively great, inflation has been quite serious, rapidly pushing up the cost of exports. The stimulating effect this year's conjoined exchange rate had on exports is already wiped out; however, the renminbi exchange rate is holding steady but with a slight rising trend and it is thought that this should hold true until the first half of next year. Although this is beneficial in curbing inflation, it may have a deleterious effect on exports. Secondly, the operation of our foreign trade enterprises is still not up to the demands of economic scale and vicious domestic competition is becoming a major factor threatening foreign trade exports. According to customs statistics, from the first quarter of last year to the second quarter of this year, our export price index assumed a declining posture, while the import price index was rising. The 91.6 percent terms of trade index of the first quarter of 1993 changed to 100.9 percent for the second quarter of 1994: this indicates that we must spend almost 10 percent more in exports in exchange for importing an identical amount of goods: the loss between exports and imports is tremendous. Thirdly, the internal reforms and the transformation of management mechanisms in foreign trade enterprises must be speeded up; scientific management is in desperate need of enhancement. Tight money and the inability of export tax refunds to come through are also major factors influencing future foreign trade growth.

Naturally, there will be many beneficial factors for growth in next year's foreign trade. First, the world economy will grow at an increased rate next year and world trade will resume rapid development. According to the predictions of experts, the rate of growth for the world economy next year will reach 3 percent, and the growth rate for world trade will be up to 8 percent, something not often seen in recent years. The average rate of growth in the economies of advanced industrial nations will reach 3 percent: Canada, and the United States will respectively see 4 percent and 3 percent, with Japan at 2.2 percent, the European Community at 2.6 percent, Latin America 3 percent, while the economic growth in East Asia will exceed 6 percent. In 1995 imports and exports of the advanced industrial nations will increase at 7.1 percent and 6.9 percent respectively, while developing nations' imports and exports will be at 10.3 and 10.1 percent respectively. The foreign trade of the individual non-aligned nations and Eastern Europe will continue to improve, with annual import growth at

6 percent and exports at 4.9 percent. The expansion of China's foreign trade thus continues to confront an excellent international market.

Secondly, the Central Economic Work Committee has decreed that next year there will be further strengthening and enhancement of macroscopic controls with the main objective of the controls to be controlling rising prices and stemming inflation. The state will eventually adopt measures to strictly control the scale of fixed capital investment and the increase in funds for consumption, effectively control the scale of loans and the issue of currency, control state expenditures, revamp circulation order, standardize price activity, and get a handle on agricultural production and cash crop construction. These measures will eventually help stem the too-rapid rise in prices and appropriately control gross social demand and so create the conditions for rapid and healthy growth of imports and exports. At the same time, the national economy will still maintain a lively growth, and there will be a definite material base for the expansion of exports.

Thirdly, a major aspect of next year's economic system reforms will be further reform of state enterprises, which will advance all accompanying and related reforms. This move will eventually benefit the hastening of the internal self-reform of the foreign trade enterprises, as well as speeding up their modernization, transform the operational mechanisms and improve internal operational management, renew internal capabilities, exploit inherent resources, and raise economic efficiency. The freeing of the subjective dynamism of foreign trade enterprises will provide an important motivation force for the growth of foreign trade.

Fourth, it is possible that we will maintain a fairly rapid rate of absorption of direct foreign investment, and that the exports of three types of enterprises can maintain a rate of rapid growth, and continue to push the expansion of our country's foreign trade.

In summation, next year's foreign trade situation does have a grim aspect, and also various beneficial aspects: the key being to choose practical and effective measures to solve the problems stated above. The top priority task is to create the conditions for the long term, sustained, high speed and healthy growth of foreign trade by pushing forward scales of operation, enhancing the service mechanisms for the coordination of foreign trade, improving foreign trade operational order and working diligently to strengthen enterprise internal management from top to bottom, accelerate the transformation of foreign trade operations toward quality, efficiency, and intensive growth, and strengthen the reserve forces. If we achieve success in the above mentioned areas, there is still the possibility that next year's foreign trade will maintain a growth rate around 15 percent and the total of imports and exports could possibly break through the \$250 billion level.

Agriculture

Agriculture Minister on Grain, Food Supply

OW2504163495 Beijing XINHUA in English 1554
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—China can rely on itself in meeting the needs of its people for grain and in supplying food for improving people's livelihood, Chinese Minister of Agriculture Liu Jiang said here today.

He made the remark in reply to a question from a Danish reporter about whether China would be importing large amounts of grain to meet its domestic needs.

The growth of China's agriculture has been higher than that of its population over the past 45 years, Liu said, adding that the Chinese government is implementing a plan to add 50 million tons of grain, half a million tons of cotton, 10 million tons of meat, and 10 million tons of aquatic products by the year 2000.

China will raise its grain production in two ways, by increasing unit production using science and technology, and by reclaiming about 3.3 million ha. Of wasteland, Liu told the reporter, who is here to cover the event of Danish Minister of Agriculture Henrik Dam Kristensen's visit to China.

The Chinese minister said that China will not become a major exporter of agriculture products, however, because China's output will mainly meet its domestic needs.

China will, however, export some processed agricultural products, he added.

He also noted that China's agricultural products market is open to all countries. Those imported to China must be quarantined and should be priced suitably, he explained.

On another occasion today, the visiting minister of agriculture of Denmark told Chinese reporters that he had had fruitful talks with his Chinese counterpart and expressed the hope that co-operation in agriculture between Denmark and China will be further enhanced.

'Economic Perspective' Views Grain Production

HK2604020895 Beijing ZHONGGUO XINWEN SHE
in English 1227 GMT 25 Apr 95

["Economic perspective"]

[FBIS Transcribed Text] Beijing, April 25 (CNS)—The gross production of grains is set at 500 billion kilograms by the turn of the century. Economists pointed out that key to realizing this target lay in the further encouragement of farmers' enthusiasm and in the guaranteeing of adequate input of capital.

It took China ten years to reach the gross grain output of 450 billion kilograms, up from 400 billion kilograms. The output stayed at around such yield since the 1990s while at the same time the population grew at an annual rate of 15 million. Whether China can increase its grain output to 50 billion kilograms in six years time is directly related to whether China can live on self-sufficiency in the next century, and it will also become a point of focus in the international community.

Analyses revealed that deep-seated reasons for the stagnation of grain production in recent years were mainly due to a slow growth in farmers' income especially the too low economic results obtained from cultivation of crops. Income earned by peasants rose by 1.8 percent in 1990, two percent in 1991, 5.9 percent in 1993 and 3.2 percent in 1994. The ratio of incomes earned by persons in urban and rural areas was 2.63 to 1, showing the largest gap since 1978. The ratio in terms of consumption level in these two areas was as high as 3.4 to 1 which was the greatest difference in past decades. As a result, negative effects on farmers' enthusiasm for grain production took place.

Input into agriculture is another factor to determine whether grain production can increase to a further extent. Favourable results will be made only by encouraging farmers' enthusiasm for grain production and increasing input into agriculture. Though agricultural investment registered a greater share in the central fiscal expenditure last year, quite a number of local governments cut their investment in agriculture. Inadequate input into agriculture during the last several years has led to outdated irrigation and water conservancy facilities, to shortage of fund for agricultural research and to difficulty in promotion of scientific research achievements for better use in grain production.

The farming problem has already aroused great concern of policy makers. The Central Committee of Communist Party of China held national farming work conference on two occasions during a period of six months between October of 1993 and April of 1994, an unprecedented move by the central leadership. During the meeting the central authorities formulated a number of measures for giving support for agricultural production and protecting the interests of peasants. Great attention was paid to agriculture. The central authorities will continue to adopt effective measures to help relieve burden on farmers. The Ministry of Internal Trade has implemented new measures to put agricultural production means under control, which will help realize a relatively stable price for such materials. The state fiscal plan continues to expand investment in the farming sector this year while some banks will also enlarge the scale of loan released to agriculture.

The scheme set by agricultural experts covers the upgrading of per unite area yield of grains and the properly opening up of wasteland. Measures will be taken for renovation of low and medium yield farmland

for an increase in grain production in the coming six years. A total of 360 million mu of farmland will be transformed in a bid to realize an increase of some 40 billion kilogram grain output. As for some low and medium yield fields which are not included in the transformation scheme, promotion and application of regular technology will be undertaken for a gain of some 10 billion kilograms of crops. Adoption of intercropping and interplanting as well as cultivation of winter crops in southern part of China will lead to a rise of 6.25 billion kilograms of grain output. The acreage under cultivation either newly reclaimed or re-opened up will be put at 3.6 million mu in the coming six years in order to increase the area of farmland for grain production by 33.75 million mu and grain output by over 8.5 billion kilograms. A total increase in grain yield is therefore put at about 60 billion kilograms. According to a general planning for the national land use, area under crop cultivation will be cut by 54 million mu in the coming six years which represents a reduction of 14.5 billion kilograms of grain output. Based on such projection, the annual grain yield will rise by about 50 billion kilograms by the year 2000.

Ten-Month Drought 'Severely' Affects Anhui

OW2504131695 Beijing XINHUA in English 1241
GMT 25 Apr 95

[FBIS Transcribed Text] Hefei, April 25 (XINHUA)—A 10-month drought has severely affected 660,000 hectares of crops in east China's Anhui Province, and local people are now trying their best to protect crops, according to the provincial government.

The province had plans to grow 1.2 million hectares of rice this year, but its large and medium-sized reservoirs could only irrigate 400,000 hectares of rice. The rest have to depend on other water sources.

Provincial officials have visited those localities which have been most severely hit in order to take part in the struggle, while officials at all levels have pledged to win the fight.

The province has so far put nearly 100 million yuan into fighting the drought. Another nine million yuan has been taken from provincial revenues to upgrade technology at pumping stations, and three million yuan from the Governor's preparatory Foundation has also gone to the struggle.

The province is also pushing the use of new rice species to minimize losses that might result from the drought.

Heilongjiang Boosts Agricultural Development

OW2604041195 Beijing XINHUA in English 0336
GMT 26 Apr 95

[FBIS Transcribed Text] Harbin, April 26 (XINHUA)—Heilongjiang Province, one of China's key grain producers, is concentrating on farming while carrying out diversification of its economy.

According to Li Fangxu, an official of the provincial agricultural development office, the province has pledged to invest 1.63 billion yuan in transforming about 666,700 ha of low-yield farmland, opening up 93,000 ha of other areas, and undertaking farmland capital improvement projects while introducing more scientific methods in farming.

"This will help the province to increase its grain production by two billion kg, and its agricultural output value by three billion yuan a year," Li said.

In addition, Heilongjiang plans to spend 30 million yuan on improving 33,000 ha of grassland, 190 million yuan on expanding the fish-breeding area, 50 million yuan on the planting of fruit trees, and 260 million yuan on the processing of farm products in the coming six years.

Abounding in agricultural resources, Heilongjiang has about 8.7 million ha of cultivated area, ranking first in the country, and 4.7 million ha of land yet to be tapped for farming.

At present, the province sells 10 billion kg of grain to the state every year, accounting for one tenth of the country's total purchase of grain.

Li disclosed that Heilongjiang is striving to increase its grain output from the present 25 billion kg to 50 million kg, so as to turn itself into China's largest grain production base.

***Anhui To Issue Permits for Cultivated Land Use**
95CE03570 Hefei ANHUI RIBAO in Chinese 6 Apr 95 p 1

[FBIS Summary] To strictly control nonagricultural use of cultivated land in farmland protection zones, beginning 1 May Anhui Province will implement a permit system for the nonagricultural use of cultivated land in farmland protection zones.

Any unit or individual engaged in nonagricultural construction that needs to use cultivated land in farmland protection zones must, prior to submittal of a feasibility study, obtain a permit to use the cultivated land in the protection zone, and pay a fee for use of the land.

At present, Anhui has 2,860,000 hectares of farmland protection zones, by the end of 1995 the area will increase to 3,333,000 hectares.

East Region

Reportage Covers Fujian People's Congress

Session Concludes 4 Apr

HK2504121895 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 5 Apr 95

[FBIS Translated Excerpt] The third session of the eighth provincial people's congress, which attracted the attention of the people throughout the province, concluded at the Xihu Theater in Fuzhou yesterday morning after smoothly completing various agendas as scheduled. The meeting appealed to the people throughout the province to rally themselves more closely round the Central Party Committee with Comrade Jiang Zemin at the core and, under the provincial party committee's leadership, to struggle hard with one heart and one mind, to hack our way through difficulties, to strive for a complete victory in the Eighth Five-Year Plan, and to make a new breakthrough in reform, opening up, and the modernization drive.

A total of 468 delegates attended the meeting yesterday. Yuan Qitong, executive chairman of the presidium and executive chairman of the session, presided over the meeting. Also acting as executive chairmen of the session were: Executive chairmen of the presidium Jia Qinglin, Guo Ruiren, Huang Changxi, Su Changpei, Liu Yongye, Zhang Mingjun, Hong Huasheng, and Song Jun. Provincial leaders Chen Mingyi, You Dexing, Lin Kaiqin, He Shaochuan, Wang Jianshuang, Zhao Xuemin, Lin Zhao-shu, Huang Wenlin, Ren Yonggui, Xi Jinping, Chen Yingguan, and Huang Songlu, and other members of the presidium were seated on the rostrum.

The meeting adopted, by voting, resolutions on the provincial government work report, on the situation of our province's implementation of the 1994 national economic and social development plan and the 1995 plan, and on the situation of our province's implementation of the 1994 budget and the 1995 budget. The meeting also adopted, by voting, resolutions on the work report of the provincial people's congress, on the work report of the provincial higher people's court, and on the work report of the people's procuratorate. [passage omitted]

Afterwards, Jia Qinglin delivered a speech. Jia Qinglin said: The achievements made by the current session and the just-concluded third session of the seventh Chinese People's Political Consultative Conference provincial committee fully demonstrate that the two sessions can truly foster democracy and unity, promote a pragmatic and innovative spirit, help us reach a common understanding, boost our confidence, inspire us with enthusiasm, and embody the strength of the whole province to make a new breakthrough. The complete success of the two sessions will definitely play a positive and vigorous role in helping us fulfill all the tasks of this year, greet the convocation of the sixth provincial party congress, and

gain new advantages and make new strides forward. Now, as the fundamental policies have been set, the new mission confronting us is to further arouse and bring into play the enthusiasm and creativeness of the vast numbers of cadres and broad masses throughout the province, to play close attention to the implementation of all types of work, and to ensure the complete fulfillment and overfulfillment of the tasks this year and of the Eighth Five-Year Plan. [passage omitted]

Government, Congress Leaders Elected

HK2504122195 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 5 Apr 95

[FBIS Translated Text] The fourth plenary meeting of the third session of the eighth provincial people's congress was held at the Xihu Theater in Fuzhou yesterday morning to hold by-elections for a vice chairman and members of the provincial people's congress standing committee and a vice governor of the provincial people's government. A total of 514 delegates were present at the meeting.

Song Jun, executive chairman of the presidium and executive chairman of the session, presided over the meeting. The meeting elected, by secret ballot, Huang Wenlin as vice chairman of the eighth provincial people's congress standing committee; Lu Tuansun, Zhang Zhenlang, Zhang Lianfang, Lin Zhitong, Liang Yiping and Wan Haishu as members of the eighth provincial people's congress standing committee; and Huang Xiaojing as vice governor of the provincial people's government.

Warm applause broke out at the conference hall when the election results were announced.

Governor Speaks at News Conference

HK2504121995 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 5 Apr 95

[FBIS Translated Text] Governor Chen Mingyi called a news conference following the end of the third session of the eighth provincial people's congress and, in the company of Vice Governors Wang Jianshuang, Shi Xingmou, Zhang Jiakun, Wang Liangchuan, Tong Wanheng, Pan Xincheng, and Huang Xiaojing, met domestic and foreign reporters covering the two provincial sessions and answered their questions.

The news conference was presided over by Huang Shiyun, deputy head of the provincial party committee propaganda department.

At the beginning of the conference, Chen Mingyi extended his thanks to the reporters for covering the two sessions. He said: The sessions fostered a pragmatic and innovative spirit. Now, as our fundamental policies have been set, the most important thing is to pay attention to their implementation. At present, we must pay attention to issues about which the masses are most concerned,

such as agriculture, state-owned enterprises, the shopping-basket project, the rice-bag project, and the control of inflation. In addition, we must seize the opportunity and take practical measures and steps to improve the work toward Taiwan and to implement the strategy of developing southeast Fujian.

Governor Chen Mingyi and the vice governors also answered reporters' questions on such issues as economic restructuring, the strategy of developing southeast Fujian, exchange and cooperation between Fujian and Taiwan, and the comprehensive management of public order.

Fujian's Jia Addresses Family Planning Meeting

HK2504122295 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 4 Apr 95

[FBIS Translated Excerpt] Yesterday the provincial party committee and government held a provincial family planning work meeting, stressing the importance of family planning in the course of carrying out development, controlling the population growth, and fulfilling major tasks. Jia Qinglin, secretary of the provincial party committee, presided over the meeting and made an important speech, while Governor Chen Mingyi relayed the instructions of the national family planning work meeting.

Jia Qinglin fully confirmed the ceaseless efforts of all levels of party committees, governments, cadres, and masses throughout the province in controlling the population growth and improving its quality in recent years. Last year Fujian fulfilled the state-assigned population control target for four consecutive years. Jia Qinglin pointed out: The development of Fujian's family planning work is currently imbalanced; the level of this work is not high enough on the whole; and legal management is not being guaranteed. Leaders of some localities still lack an adequate understanding of the necessity and urgency for coordinating population growth with economic and social development. [passage omitted]

Jia Qinglin stressed: Fujian will strive to join the country's advanced ranks in family planning in 1996. This year is a critical year, during which we must continue to propagate the importance of family planning, strengthen management, and improve our service so that approximately 40 cities and counties will stand among the country's or province's advanced ranks in family planning rates. Fujian will control its natural growth rate under 10 per thousand, and the province's population under 32.3 million by the end of this year to ensure the fulfillment of the Eighth Five-Year Plan on the population.

This meeting relayed the instructions of the national family planning work meeting and listened to a report on the implementation of last year's population plan and the present population situation. [passage omitted]

'Excerpts' of Jiangsu Higher Court Report

OW2504050895 Nanjing XINHUA RIBAO in Chinese 5 Mar 95 p 3

["Excerpts" of Jiangsu Provincial Higher People's Court Work Report delivered by Li Peiyu, president of the Jiangsu Provincial Higher People's Court; date and place not given]

[FBIS Translated Text] I

Last year, resolutely implementing the "20-character" principle of work [seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability] laid down by the central authorities, courts at all levels in Jiangsu—under the leadership of party committees and the supervision of people's congresses—concentrated efforts to try major and serious cases and to reform adjudication methods; and strengthened judicial work and the building up of court personnel in all fields, thereby achieving new progress in the work of all fields. A total of 263,681 cases were concluded throughout the year, or 24.24 percent more than in the previous year; of these, the provincial higher court concluded 2,468 cases, 27.74 percent more than in 1993. Both the numbers of cases and percentage of increases are record figures. In this way, the courts played their functions in providing the judicial guarantee and service for reform, development, and stability.

1. Firmly maintaining social stability by making the drive to crack down on serious crimes the first and foremost task. Last year, public order in Jiangsu was generally good. However, serious criminal offenses and major cases increased while contradictions undermining social stability became complicated in the process of establishing a socialist market economic system. Courts at all levels stepped up efforts to crack down on and to mete out according to the law harsh punishments for murder, robbery, rape, hooliganism, major theft, and other serious criminal cases, especially criminal gangs and vicious local powers with the nature of underworld societies. The courts concluded 28,531 cases of first instance and meted out sentences with legal effect to 35,910 criminals, 29.3 percent and 33.95 percent more than in 1993, respectively. Of these, 1,290 were sentenced to life imprisonment or death (suspended death sentences included), an increase of 34.52 percent over 1993, thus complying with the requirement for severe punishment of crimes. The courts also persistently expedited trials for serious criminal offenses and intervened in major cases ahead of time. Pursuant to the law on public trials, the courts held a total of 1,174 mass rallies, attended by a total of 5.702 million people, to pronounce verdicts on criminals, thereby building up the momentum to crack down on crimes and deterring criminal offenders. In carrying out judicial work, the courts, on the one hand, launched special drives to crack down on larceny, pornography and illegal publications, and train and highway bandits, and to improve public order in rural areas—serious problems about which the

masses were strongly critical. On the other hand, the courts mapped out unified plans to concentrate efforts to strike at crimes in the four months from April through July, thereby effectively maintaining social stability. While striking harshly at crimes, the courts carried out their judicial functions by actively taking part in the comprehensive management of public order in urban and public areas. The courts stepped up legal guidance for grass-roots people's mediation organizations; and improved work related to petitions and complaints, receiving and handling voluminous letters and visits from the people. The courts reduced sentences for and released on parole, according to the law, a total of 10,177 criminals who indeed showed repentance and redeemed themselves during reform through labor; and stepped up assistance to and education of criminals receiving suspended sentences, assisting and educating a total of 1,902 such criminals. The courts continued to pay close attention to trying cases of juvenile delinquents, and persisted in educating them through trials, sentencing a total of 3,193 juvenile delinquents.

2. Emphasizing the trials of major and serious cases to help deepen the anticorruption drive. Courts at all levels attached great importance to trying major and serious economic cases by further building up judicial forces to strengthen the intensity of cracking down on economic crimes. An intensive drive to strike at economic crimes was launched throughout the province during the three months from July through September. Last year, the courts concluded 2,973 economic criminal cases of first instance and sentenced 3,882 offenders, 86 percent and 89 percent more than the previous year, respectively. Of these, 196 were sentenced to prison terms of 10 or more years, life imprisonment, or death (suspended death sentences included), 71.93 percent more than the previous year. Sentences were given to 19 cadres at and above the county and division levels. Focusing on graft, bribery, misappropriation of public funds, tax evasion and resistance, larceny, forgery, and profiteering from illegal sales of value-added tax receipts, the courts concluded 2,384 such cases and sentenced 2,929 offenders, 100.34 percent and 105.83 percent more than the previous year, respectively. The courts also concluded 65 major cases of swindling 1 million yuan, misappropriating 500,000 yuan, and taking bribes in 100,000 yuan or more, up 124 percent from 1993. Public trials were held, and were publicized through the media in a timely manner, on major and serious cases which caused strong repercussions in society and which the masses were strongly critical of. Courts throughout the province held a total of 204 public trials on economic crimes, while the provincial higher court published on three occasions, the results of handling 16 cases.

3. Nurture and Improve Jiangsu's Market System Through Regulating the Relations in Economic Sectors. People's courts in Jiangsu gave full scope to their adjudicating functions while regulating the relations in economic sectors according to the law. In 1994, we finished the first trials of 100,200 cases of economic disputes

involving 7.426 billion yuan, or 32.44 and 47.78 percent, respectively, higher than those of the year before. In terms of the number of cases concluded and the amount of money involved, the increases were the highest. Following the restructuring of the financial, taxation, banking, foreign trade, foreign exchange, and investment systems, and following the establishment of a modern business system and other major reform measures, people's courts at all levels actively and reliably handled a large number of new cases, thus facilitating the implementation of all reform measures. We completed the handling of 1,425 cases concerning infringement of rights relevant to stocks, and cases about futures trade, financing, leasing, foreign exchange trade, negotiable instruments, and bonds. We also accepted and satisfactorily settled 2,120 cases concerning bankruptcy and infringement of enterprises' autonomy—two types of cases arising during the course of establishing a modern business system and changing operating mechanisms. The 19,410 cases we handled concerning disputes over production contracts in rural areas, operations of village and town enterprises, and socialized services in rural areas were 75.05 percent higher than that of the preceding year. While intensifying our efforts in handling cases concerning enterprises financed by foreign investors as well as by investors in Hong Kong, Macao, and Taiwan, we accepted 111 of these cases and completed the handling of 61 of them, or 117.65 and 177.27 percent, respectively, higher than those in 1993. In sanctioning against production and sales of counterfeits and inferior products and the conduct of infringing patents, registered trademarks, and businesses' reputation and names, we completed the handling of 572 cases of these natures.

4. Protect the legitimate rights and interests of citizens and legal persons through intensifying civil and administrative adjudication. People's courts at all levels always considered adjudication of civil disputes as an important task of maintaining stability and promoting economic development. In 1994, we completed the first trials of 116,905 civil cases, an increase of 18.46 percent over that of 1993. We focused our attention on cases relevant to real estate, debts, labor disputes, land ownership, and disputes over intellectual property rights, as well as cases closely related to the market economy, thereby correctly carrying out the state's reform and opening up policy, safeguarding the achievements of reform, and facilitating the establishment and development of the market economy. The 43,069 cases of this nature we completed handling in 1994 were 32.21 percent higher than those in 1993. While adjudicating civil disputes, we did our work with the objective of maintaining stability, focusing our attention on educating and enlightening the litigants so as to alleviate their contradictions. Of the 263 cases we completed handling in 1994, some cases involved more than 890 litigants. Our adjudication of administrative cases continued to make headway. In 1994, we handled the first trials of 1,087 administrative cases, which were 74.79 percent more than those in 1993. Of the new cases

we accepted, we completed handling 1,205, or 61.31 percent more than those we handled in 1993. We actively proceeded with the adjudication of administrative cases closely related to the market economy, and the 558 cases we handled about business administration, tax collection and management, land management, commodity prices, communications and transportation were 21.04 percent more than those in 1993. Moreover, we also completed handling 6,792 cases in which administrative organs requested us to enforce our administrative decisions.

5. Execution of verdicts became less difficult as a result of intensification of efforts. Problems of executing verdicts—especially the decisions reached in the adjudication and mediation of economic disputes—have been troubling and impeding the development of court operations. Because of this problem, the provincial higher people's court set the objective of "working hard for three years to avert the passive situation in executing verdicts." To attain this objective, it also drew up specific measures for checking, evaluating, and comparing performances; and the rules of commending those which are good. As 1994 was the last year for attaining the objective, people's courts at all levels made great efforts to execute their verdicts, assign responsibilities for all operations, set more specific regulations, separate adjudication from verdict execution, improve execution methods, and launch collective and single execution moves of varying sizes. In 1994, people's courts completed executing 91,552 verdicts, or 91.42 percent of the verdicts we pronounced. The figure exceeded the target of 85 percent which the provincial higher people's courts had set earlier in the year, and was the highest percentage ever achieved. The target set to be attained in three years was thus basically attained.

II

Deputies, to ensure that we fulfill our tasks, we have concentrated on work in the following areas in the past year:

1. Unifying our understanding under the guidance of the "20-character principle," we have remained firm in rendering service to reform, development, and stability. The "20-character principle" for guiding work laid down by the Central Committee concerns the overall interest of the party and the country. Unifying the understanding of court personnel throughout the province and keeping in mind the overall interest of court work, we have unswervingly adhered to the guiding principle of serving reform, development, and stability in carrying out our tasks. People's courts at all levels have promoted reform and rendered service to the economy by correctly understanding and handling the relationship between trial work on the one hand and reform, development, and stability on the other, by giving full play to trial functions, and by protecting people and punishing criminal offenders. In carrying out their tasks, people's courts have taken the initiative in complying with the overall

interest of the party and the province and the needs of reform, opening to the outside world, and economic development, and have promptly readjusted their work plans. While carrying out their tasks, people's courts have been aware of their priorities, improved service, and expanded services according to law.

2. We have enforced laws strictly to improve the quality of handling cases. We have further strengthened education among cadres and policemen by stressing that it is necessary to enforce laws strictly and that it is necessary to give first importance to quality in handling cases, and have demanded that all laws must be strictly enforced in every aspect of trial work. To cope with interference from local protectionism which has emerged in hearing cases involving economic disputes, courts at all levels have, fairly and according to law, protected the legitimate rights and interests of parties concerned by persisting in exercising their trial rights independently according to law, persisting in the principle that everybody is equal before the law, and persisting in public trials. The provincial higher court has taken the lead in refraining from engaging in local protectionism. It has also adopted measures to strengthen supervision over courts throughout the province; it has formulated practical rules and regulations to ensure that laws are strictly enforced; it has strictly prohibited the practice of taking somebody into protective custody or arresting somebody indiscriminately and has strictly banned detaining offenders at will. It has strengthened supervision over the trying of cases and handled, according to law, appeal cases, and protested cases and petition cases from procuratorial organs in line with the principle of "seeking truth from facts and correcting mistakes whenever they occur." A system by which those who are responsible for mistaken cases are held accountable has been instituted in all courts of the province. After the institution of this system, 60 people involved in 53 mistaken cases were handled in 1994.

3. We have vigorously enhanced trial efficiency by reforming the adjudication method. The reform of the method of trying civil and economic cases in the province has shifted from theoretical discussions and small-scale experimentations to reform on a comprehensive scale and in an all-around way. The provincial higher court has made a careful arrangement for this task and on the basis of investigations and studies, strengthened guidance by formulating the "Opinions on a Number of Issues Concerning the Method of Trying Civil and Economic Cases." To a varying degree, courts in various areas have introduced the method of opening court sessions directly, shifting the gravity of trials from other areas to the court session itself and allowing the parties concerned to provide evidence, take part in cross-examination, and defend themselves; at the same time, the higher court has strengthened the role of collegial panels and judges, thus raising both efficiency and quality in handling cases, and increasing social effects.

Using this method, courts throughout the province concluded 81,508 civil and economic cases, accounting for 37.6 percent of the total number of cases.

4. We have strengthened grass-roots units and continued to improve law enforcement conditions. Paying great attention to self-improvement, courts at all levels have given full play to their role of safeguarding social stability and promoting economic development in rural areas. In 1994, the provincial people's courts tried 121,047 cases of different categories, up 20.99 percent over the previous year, accounting for 49.03 percent of the total number of cases of first instance in the province. Efforts have been made to improve people's courts by launching activities to evaluate and select advanced people's courts. The task of improving the quality of people's courts in the province was basically completed under the concern and support of party committees and governments at all levels.

5. We further succeeded in building a contingent of court personnel and improved their overall quality. People's courts in Jiangsu studied theories, focused their study on Volume 3 of the "Selected Works of Deng Xiaoping," and, thereby, enhanced their steadfastness in and consciousness of implementing the party's basic line as well as the central authorities' "20-character" principle governing our work. After the Fourth Plenary Session of the 14th CPC Central Committee adopted a "Decision on a Few Major Issues Concerning the Strengthening of Party Building," the Jiangsu Provincial Higher People's Court placed raised four requirements on people's courts in the province to study the decision in a timely manner. In particular, it stressed the need to strengthen the building of the party's organizations and leading groups; to practically implement the principle of democratic centralism in conducting court trials; to further improve ideological and political work; to establish a "system for one post to assume two responsibilities" and institutionalize it; and to vigorously encourage standing up for what is right and advocate the theme of our times by using the thinking and deeds of advanced figures to incite cadres and policemen to work hard, make progress, and impartially enforce the law. A total of 231 cadres and policemen and 94 collectives rendered meritorious service. Resolutely implementing the guidelines of the Second and Third Plenary Sessions of the Central Discipline Inspection Commission, we launched a thoroughgoing anticorruption drive among people's courts and their affiliated departments. People's courts in Jiangsu centered their efforts to conduct self-inspection and self-rectification around the call for leading cadres' honesty and self-discipline, the investigation of cases of law and discipline violations, and the rectification of unhealthy practices, and conducted a general inspection of law and discipline enforcement in the province. They stepped up investigation of cases of law and discipline violations; investigated 40 cases of law and discipline violations involving cadres and policemen; and meted out party and administrative disciplinary sanctions to 39 people in

the whole year. They persisted in integrating formal schooling with on-the-job training to improve personnel's professionalism.

6. We guaranteed that court trials were smoothly conducted by relying on the leadership of party committees and the supervision of people's congresses. People's courts at all levels persisted in exercising their right for independent court trials and decisions in accordance with the law and under the party's leadership; steadfastly implemented the party's line, principles, and policies; subordinated themselves to party committees' plans for the overall work and carried out party committees' plans for work at various stages in light of the actual conditions of their work; and provided judicial guarantees and services by centering their efforts around the party's central task; accepted the supervision by people's congresses and their standing committees over the work of people's courts of their own free will; and conscientiously handled the motions put forward by deputies of people's congresses as well as their criticisms and suggestions, implemented them one by one, and provided feedback in a timely manner. Over the past year, people's congresses at all levels in Jiangsu broadly criticized the work of people's courts and made many suggestions. This was a kind of creation by people's congresses to strengthen supervision over the law. People's courts at all levels earnestly did a good job of propaganda of and education in the need to accept criticisms from people's congresses as well as their suggestions and succeeded in consolidating and improving themselves. Deputies of people's congresses put forward 1,396 opinions and suggestions during the criticism and suggestion period. Among them were measures for courts' consolidation and improvement. People's courts at all levels conscientiously implemented these measures and corrected misjudged cases in a timely manner.

Deputies, some problems and difficulties still exist in the work of people's courts that cannot be tolerated. First, our thinking, knowledge, and work still cannot entirely meet the needs of the new situation. Second, local protectionism interferes with trials of economic criminal cases. Third, problems related to the discipline and work style of court trials can be found from time to time among a small number of cadres and policemen. It is necessary for us to attach a high degree of importance to them and conscientiously solve them.

III

Deputies, 1995 is the last year for us to fulfill all the tasks of the "Eighth Five-Year" Plan and the first year for us to attain the goals set by the ninth provincial party congress through our efforts. It is necessary for people's courts in Jiangsu to uphold the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; comprehensively implement the guidelines of the 14th national party congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; conscientiously implement the guidelines of the ninth provincial

party congress and the central work conference on politics and law; center their efforts around the overall situation of the work facing the whole party and whole nation; persist in strictly enforcing the law; vigorously improve various trial work; pay close attention to building a contingent of personnel; and provide more powerful and effective judicial guarantees and services for reform, development, and stability.

(1) Further strengthening the function of dictatorship and working hard to ensure that maintaining social stability is the first and foremost task of the courts. We will steadfastly carry out the drive to crack down on crime and to severely punish vicious crimes that cause grave harmful influence. We will persist in striking at crimes swiftly and harshly. We will actively take part in a concerted effort to improve public order in urban and rural areas, and will strive to consolidate and develop achievements already made in improving public order. We will relentlessly crack down on economic crimes, and put a special emphasis on major and serious cases. We will focus on judicial work while actively taking part in the comprehensive management of public order and correctly handling contradictions among the people. **(2) Further stepping up the effort to regulate relations between economic sectors to provide a better and more timely and effective judicial guarantee for reform, opening up, and the acceleration of the establishment of a socialist market economic system.** We will provide quality service to reform, opening up, and economic construction by trying more cases in a more efficient way. We will pay particular attention to hearing cases related to changes in the operating mechanisms of enterprises, to the state macroeconomic regulation and control, to agriculture and rural economic development, to the reform of the science and technology management system and the protection of intellectual property rights, and to foreigners and compatriots from Hong Kong, Macao, and Taiwan. **(3) Making relentless efforts to strictly enforce the law and to uphold the uniformity and authority of the state legal system.** We will conduct education on a regular basis, and carry out evaluation and comparison activities in law enforcement. We will make strict enforcement of the law an important criterion for evaluating court leaders at all levels as well as cadres and policemen. We will further strengthen and perfect supervision over trials. We will consolidate judicial order in economic disputes, and resolutely oppose local protectionism. We will deepen the reform of judicial adjudication methods and strive to achieve new breakthroughs and progress this year. **(4) Looking forward to the 21st century in vigorously intensifying the construction of courts and enhancing the overall quality of court personnel.** We will intensify ideological construction and conduct a systematic and planned study on the theory of building socialism with Chinese characteristics among all party member-cadres and policemen in the next three years. We will build up court party organizations, especially their leading bodies. We will pay keen attention to promote a clean court and conscientiously solve hot

issues which are related to the work of courts and of which the masses are strongly critical. We will improve our professional competence and enhance the professional quality of the contingent of court cadres in all fields.

Theoretical Study Group Holds Shandong Session

SK2604044095 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 25 Apr 95

[FBIS Translated Text] On 25 April, at the auditorium of the provincial party committee, the theoretical study central group of the provincial party committee held a theoretical report meeting, at which Comrade Gao Shangquan, executive vice chairman of the China Research Society for Restructuring Economy, former vice minister of the State Commission for Restructuring Economy, and a noted economist of China, was invited to make a report on several issues concerning the strategy on the reform of state-owned enterprises.

Listening to the report were leading comrades of the provincial party committee, the provincial people's congress standing committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial economic commission, including Zhao Zhihao, Li Chunting, and Li Wenquan, as well as responsible comrades of various departments, commissions, offices, and bureaus directly under the provincial authorities.

In his report, from the height of the reform and development of the whole country, Comrade Gao Shangquan made a comprehensive, systematic, and profound analysis and exposition of the following issues—state-owned enterprises must be reformed now; the fundamental purpose of the reform of state-owned enterprises is to improve economic efficiency and emancipate and develop productive forces; reform should be focused on invigorating the entire economy; and it is impossible to invigorate all aspects of all enterprises through reform.

The meeting's participants were deeply educated through the profound explanation. Li Chunting presided over the meeting and made a speech at the conclusion. He said: Party committees and governments at all levels in the province should all actually strengthen leadership and lay emphasis on handling well the issues with regard to separating government administration from enterprise management, improving production, operation, and management of enterprises, and gradually establishing the social security system in line with the requirements of the central authorities and the provincial party committee. Party committees and governments should also organically combine the reorganization of enterprises with the mechanism transformation and technological renovation of enterprises in order to raise the efficiency of state-owned enterprises, give full play to the key and guiding role of state-owned enterprises, and accelerate the pace of turning Shandong from a big economic province to a strong economic province.

Shandong Reports Industrial Production Problems

SK2604085395 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 25 Apr 95

[FBIS Translated Text] According to data provided by the provincial statistical bureau, there were two major problems in the province's industrial production during the first quarter of this year. First, some state-owned industrial enterprises had difficulties in production and operation, and more than 30 percent of state-owned enterprises suffered losses. Second, it was difficult to recover debt resulting from defaulted payments from enterprises, and the problem of cross-defaults owed to each other was serious. In the first quarter of this year, debts that needed to be recalled from enterprises amounted to 44 billion yuan, accounting for more than one fifth of all floating assets.

Zhejiang Plenum Plans To Implement 1995 Tasks

OW2504125395 Hangzhou ZHEJIANG RIBAO in
Chinese 25 Mar 95 p 1

[Unattributed report: "Enhancing the Concept of Overall Interests, Earnestly Changing Work Style, and Conducting Strict Evaluation to Ensure the Implementation of the Provincial Government's Various Tasks for This Year"]

[FBIS Translated Text] The provincial government held the fifth plenary session yesterday to work out plans for implementing the various tasks for this year. Governor Wan Xueyuan delivered a speech at the meeting, which was chaired by executive vice governor Chai Songyue. Long Anding, Xu Zhichun, Lu Songting, and other members of the provincial government attended the meeting.

The meeting held: The key to ensure a good job in the work of this year lies in the implementation of the tasks. All departments under the provincial government should enhance the concept of overall interests, earnestly change work style, and conduct strict evaluation in order to ensure the implementation to the letter of the various tasks laid by the provincial people's congress.

Wan Xueyuan said: In implementing the tasks, leading comrades of all departments and at all levels should foster an overall concept. We should recognize the necessity of implementing the tasks in the light of safeguarding the authority of the party Central Committee and the State Council and of ensuring the smooth enforcement of administrative decrees of the provincial party committee and the provincial government. Without an overall concept, it will be difficult to unify thinking and to pool the efforts of all; hence, even an excellent policy measure can only become a mere scrap of paper and the people can forfeit their trust in us. This year, we must bring inflation under effective control, accelerate the development of agriculture, advance the reform of enterprises, especially large and medium-sized enterprises, raise the quality and efficiency of economic growth, maintain good public

order and healthy security environment, and fight corruption and promote clean government. Leaders of all departments and at all levels should achieve unity in understanding, make a concerted effort, and work hard and with one mind in order to score fruitful results in carrying out these tasks.

He said: In implementing the tasks, government organs should earnestly change their style of work, an issue having a vital bearing on the image of the government and the overall situation. In changing the work style of leading organs, we should, first of all, step up investigation and study. If we want to improve work, our cadres must go down to the grass roots. We should energetically advocate the practice of investigation and study across the province, especially among provincial-level organs. All provincial government departments should, in light of the reality in their work, draw up projects for studying and investigating a number of pressing problems, and should organize cadres to go down to the grass roots to carry out such investigation and study projects, so as to listen to, to observe, and to analyze problems. We should listen to the voices of the masses with an open mind, show more concern for their hardships; and do everything possible to solve their practical problems. Second, we should advocate a thoroughgoing, meticulous, and solid style of work. We must do thorough, meticulous, and solid work, and must guard against rashness and oversimplification in launching every reform program. Especially before a reform concerning the people's vital interests is introduced, we should listen to their views in order to work out a well-conceived program. We should make friends with workers and peasants, and go down to the grass roots to listen to their views and to solve practical problems for them. Third, we should strengthen supervision and inspection. All functioning departments should carry out periodic inspection and supervision and provide prompt feedback on important documents and policy decisions made and specific tasks laid by the provincial government. Leaders should take personal charge of the supervision of the implementation of important projects, and carry out the projects through to the end. We should organically combine supervision with inspection work and strengthen the supervision and inspection of the implementation of major principles and policies. Through strengthening supervision and inspection, we should ensure the smooth enforcement of administrative decrees and the implementation of various tasks laid by the central and provincial authorities.

He added: In implementing the tasks, we should conduct strict evaluation of the work of various departments. To ensure the completion of various tasks for this year, the provincial government has decided to trial-implement in 50 departments under the provincial government a system under which they are responsible for attaining given objectives in management. These objectives will be assigned to offices and individuals at each levels, who then will be reviewed and strictly evaluated on their

attainment of objectives. Results in attaining objectives will be used as an important criterion in training and promoting cadres.

In conclusion, Wan Xueyuan said: Leading comrades at all levels and of all departments should play a key role in comprehensive fulfillment of the various tasks of the provincial people's congress. So long as we remain sober-minded, adopt a scientific and realistic approach, boldly forge ahead, and work steadily and make solid progress, the government's work will certainly be further improved this year.

At the meeting, senior officials from the provincial planning and economic commission, the provincial rural work office, the provincial communications department, the provincial industry and commerce bureau, the provincial education commission, and the provincial family planning commission spoke on the objectives in the work of their own unit this year and measures for achieving these objectives.

The meeting was also attended by the provincial government's advisers in Hangzhou and senior officials of other provincial departments.

Zhejiang Higher People's Court Work Report

OW2504011995 Hangzhou ZHEJIANG RIBAO in Chinese 4 Mar 95 p 3

[Report on the Work of the Zhejiang Provincial Higher People's Court (Summary) delivered by Xia Zhonglie, president of the Zhejiang Provincial Higher People's Court, at the Third Session of the Eighth Provincial People's Congress on 22 February 1995]

[FBIS Translated Text] In 1994, under the leadership of party committees at all levels as well as under the supervision and guidance of people's congresses at all levels, their standing committees, and the Supreme People's Court, courts across the province conscientiously carried out the resolution concerning the report on court work adopted at the Second Session of the Eighth Provincial People's Congress, by concentrating on the general task of "seizing the current opportunity, deepening reform, opening China up wider to the outside world, promoting development, and maintaining stability." The courts achieved results in all aspects of work by conducting trials of various cases, persisting in strict enforcement of the law, and strengthening the contingent of court personnel. Throughout the year, a total of 153,396 cases of various kinds were tried and concluded, an increase of 11.2 percent over the previous year. We played a fairly good functionary role as the administration of justice by safeguarding social stability, promoting reform, opening up, and economic development, and pushing forward the anti-corruption struggle.

Reviewing the work of the past year, thanks to the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we clarified the thinking of our work

and concentrated on severely punishing grave crimes, intensifying the trial of major cases, strengthening regulatory functions, and vigorously regulating socioeconomic relations. Meanwhile, we attached importance to the building of the contingent of court personnel by strengthening their educational training. We conscientiously accepted the supervision of the people's congress and all sectors of society. We worked hard to improve work and enhance judicial standards. We focused on the following aspects:

1. Intensify the Struggle Against Serious Criminal Offenses To Maintain Social Stability

Last year, many grave criminal cases occurred in the province, leading to a fairly severe public security situation. To safeguard social stability and create a favorable social environment for reform and development, courts at all levels gave priority to the trial of criminal cases. They persisted in the principle of severely cracking down on serious criminal activities, and concluded a total of 21,694 criminal cases, sentencing 25,612 criminals, an increase of 15 percent and 19.3 percent respectively, over the previous year. The major characteristics of the work are as follows:

We gave prominence to the struggle to crack down on crimes and effectively carry out the principle of severely and swiftly punishing criminals. Courts at all levels concentrated on the crackdown on serious criminal elements who committed murder, robbery, rape, vandalism, as well as train and highway bandits. A total of 14,143 criminals who seriously jeopardized public security were sentenced, an increase of 18.4 percent over the previous year. About 52.2 percent of these criminals were given a sentence of more than five years or the death penalty, a jump of 2.2 percent over the previous year. The provincial court tried and concluded 679 major criminal cases, or 21.9 percent over the previous year. Regarding cases that had a grave impact and caused great social attention, relevant courts tried to comprehend these cases and organize personnel to handle them as soon as possible. Last year, the CPC Central Committee and provincial CPC committee made a decision to concentrate on the improvement of public security in rural areas. The provincial court promptly held a meeting attended by presidents of intermediate courts to make arrangements for the work. Courts at all levels spared no efforts in examining cases that were brought to court, thus pushing forward the struggle against crime in rural areas.

We meticulously examined particularly major cases, thus achieving fine social effects. On 31 March 1994 when an extraordinary robbery and murder case was discovered in which Wu Lihong, Hu Zhihan, and Yu Aijun looted and burned a sightseeing boat on Qiadaohu Lake, causing the death of 24 Taiwan compatriots and eight crew members and guides, provincial and city courts, under the leadership of the provincial CPC committee and Supreme People's Court, meticulously formulated a

trial plan; organized a crack trial force; carefully arranged a trial schedule; and conscientiously did a good job in providing logistic support for the trial [shen pan bao zhang 1399 0445 0202 7140]. This was to ensure that the case, which drew great attention both at home and abroad, was conducted in a careful and orderly manner, and in accordance with the law at all stages—from the first public trial to the execution of the three convicts, thus meeting the requirements and standards that trials must be based on facts and the law.

On 5 April 1994, a boating accident claimed the lives of 43 pupils of the Huzhen Elementary School in Jinyun county. The accident, caused by a lack of responsibility and negligence, brought about a tremendous loss of life and property as well as strong social repercussions. To deal with the case properly, leaders of relevant courts at the provincial and county levels, under the leadership of and with support from local party committees and people's congress, brought trial personnel to the county to negotiate, thus arriving at a compensation agreement. Meanwhile, six people were sentenced. This resulted in the removal of factors of instability.

We paid attention to the quality of trials and emphasized the importance of correctness. While adhering to the principle of severely and swiftly punishing criminals, we conscientiously carried out the Law of Criminal Procedure and the Criminal Law. We attached great importance to strictly following the guideline: The trial of all cases should be based on facts, proof, and appropriate laws. While handling death penalty cases, the provincial court repeatedly stressed the importance of meticulously examining cases and making sure the decision was based on conclusive and irrefutable evidence. We insisted on the principle that judges who handled cases should bring the accused to court for examination, inspect sites, and check evidence. We also insisted the trial committee discuss cases to ensure the judgment was fair. Last year, the provincial court held 98 trial committee meetings, during which 522 major and difficult cases were discussed and decided on. This ensured the trial quality of major cases.

2. Severely Punish Grave Economic Crimes and Safeguard the Smooth Progress of Reform, Opening Up, and Economic Development

With the deepening of the struggle against corruption, the number of exposed economic crimes was greater than ever. To resolutely punish corruption and safeguard the smooth progress of reform, opening up, and economic development, the provincial court studied and made plans three times last year in a bid to do a good job in the trial work of economic crimes. We stressed we would focus on trials relating to personnel of party organs, government departments, administrative and law enforcement departments, economic administration departments who were engaged in embezzlement, bribery, and diverting public funds for other purposes as well as those who committed crimes by illegally using

receipts for value-added taxes and manufacturing and selling fake and shoddy products. Court leaders took personal charge of major cases. In addition, a system for registering major cases and reporting the progress of trials was established across the province, thus strengthening the supervision and guidance of cracking down on economic crimes. Last year, a total of 3,420 economic criminal cases were examined and concluded, with 4,309 convicts sentenced, representing an increase of 31.4 percent and 23.9 percent, respectively.

In their work, courts at all levels paid attention to the following points: First, they focussed on cases involving large amounts of money and causing strong social repercussions. A total of 1,345 economic criminals whose cases involved more than 10,000 yuan were punished last year, including 125 people whose cases involved more than 100,000 yuan, representing an increase of 76.1 percent over previous year. Second, they focussed on cases involving people who committed crimes of counterfeiting, speculative reselling, and fraudulently writing receipts for value-added taxes. They were all severely punished. A total of 34 cases of this nature were examined and concluded, with 47 people being sentenced. Third, they focussed on cases involving leading cadres who committed crimes. These leading cadres, nine of them at department level and three of them at bureau level, were all sentenced in accordance with the law. Fourth, they conscientiously carried out the principle of being resolute, careful, and correct in handling cases. They persisted in severely punishing culprits of grave economic crimes in accordance with the law. Throughout the year, a total of 28 economic criminals were given life sentences or death. Meanwhile, they insisted on the principle of tempering justice with mercy, and attached importance to the application of such added penalties as confiscation of property and imposition of fines so that criminal elements could not take any economic advantage.

3. Vigorously Strengthen the Trial Work of Economic Disputes and Comprehensively Play the Role of Regulation, Promotion, and Protection

Last year, the number of cases involving economic disputes that were brought to the courts increased rapidly and the sums of money involved in the cases became larger and larger. In addition, the contents of disputes were more complicated, with new types of cases continuously cropping up. To meet the needs of the market economy and economic development, courts at all levels strengthened their leadership and work guidance. They brought into full play the role of adjusting economic relations and promoting economic development through trials of economic cases. Throughout the year, they examined and concluded 51,312 cases of economic disputes involving in 5.102 billion yuan, an increase of 19.6 percent and 75.4 percent over previous year, respectively. In this way, they made contributions to the economic development of the province.

Over the past year, courts at all levels focused their work on examining cases related to the establishment of the

socialist market economy and worked hard to provide effective judicial protection for economic development in timely fashion. First, they made active efforts to examine cases involving purchase and marketing contracts as well as loan contracts. They examined and concluded 32,713 of these types of cases last year, an increase of 16.9 percent over the previous year. Second, they stepped up efforts to examine cases involving contracts, leases, joint ventures, and mergers. As a result, a total of 1,621 cases were examined and concluded. Third, they made active and careful efforts to examine new types of cases cropping up under the conditions of the market economy. They examined and concluded 415 cases of this nature that involved financial leasing, futures trade, bills, bonds, violation of patents, bankruptcy, overdrawn on credit cards, and unfair competition. Fourth, they strengthened the trials of cases involving foreigners, and Hong Kong, Macao, and Taiwan compatriots. They examined and concluded 49 cases of this nature. The examination and conclusion of the abovementioned cases in accordance with the law played an active role in protecting the legal rights and benefits of the parties concerned, punishing illegal activities, safeguarding normal economic order, and improving the investment environment.

While strengthening the trials of economic disputes, courts at all levels also expand the scope of their services. They actively participated in the comprehensive improvement of economic order by appointing judicial liaison personnel for economic affairs—people who help enterprises and banking departments pay off debts and recover loans, and by putting forward judicial suggestions. As a result, they assisted enterprises and banking departments to collect and recover receivables of various categories and overdue loans to the total amount of 1.9 billion yuan.

Last year was the second year in which maritime trials were conducted in the province. Marked progress was made in this aspect as compared with the previous year. A total of 97 maritime and marine cases were concluded, solving lawsuits involving 110 million yuan. This played a positive role in promoting our province's undertakings related to marine transportation, fisheries, and foreign trade.

4. Further Strengthen the Work of Handling Civil and Administrative Adjudication as Well as Complaints and Petitions To Properly Deal With Contradictions Among the People Under the New Situation

During the course of deepening reform, opening up wider to the outside world, and continuously changing and readjusting the relationship among various interests, many complicated contradictions and disputes are bound to crop up. If they are not dealt with properly or in time, they are easily transformed into factors of instability. Therefore, we stress that it is necessary to further strengthen civil and administrative adjudication, do a good job in handling complaints and petitions, and

bring the function of regulating social relations into full play to achieve the goal of stabilizing the overall situation. Throughout the year, a total of 67,717 civil cases and 1,282 administrative cases were examined and concluded. Last year, they handled 95,790 visits and 122,213 pieces of correspondence from the masses.

In the work of civil trials, they paid attention to marriage, debts, and compensation cases. They also attached great importance to solving properly and in a timely fashion, cases involving disputes over land, water conservancy, and land used for building houses—cases that easily turn sour. In this way, they maintained stability in rural areas. Last year, 1,006 cases of suicide, murder, and fighting with weapons between groups of people caused by various kinds of disputes were prevented. Meanwhile, they made active and careful efforts to handle civil cases involving foreign nationals, and conscientiously examined new types of cases that have a direct bearing on the market economy and social stability such as cases involving real estate, labor disputes, copyrights, reputation rights, and environmental pollution. As a result, they protected the legal rights and interests of the parties concerned as well as helped improve the market mechanism. Meanwhile, they conscientiously strengthened the basic work of grass-roots units. They brought into full play the advantages of people's courts and grass-roots party organs in establishing close ties with the masses and in being well versed in legal knowledge. They strengthened the work of providing guidance to mediation organs and actively took part in the overall improvement of public security by giving publicity to the legal system, providing legal consultation, and judicial suggestions.

In the work of administrative trials, courts across the province paid attention to the following points: First, they strengthened the trial of lawsuits filed by collective groups. They made active efforts to resolve disputes through coordination and persuasion to maintain peace in their jurisdiction. Throughout the year, they handled 13 cases of administrative proceedings filed by collective groups. Second, they handled well administrative cases involving public security, industrial and commercial, taxation, and other administrative and law enforcement departments. Last year, they handled 760 cases of this nature. Among them, 254 cases of administrative decisions were maintained; 126 cases rescinded or changed; and 380 cases discharged or rejected. They supported the administrative organs in carrying out their duties in accordance with the law on the one hand, and protected the legal rights and interests of citizens, legal persons, and other organizations on the other hand.

5. Persist in Strictly Enforcing the Law and Work Hard To Promote Judicial Standards

Strict enforcement of the law and fair examination of cases in accordance with the law are the basic requirements for the work of people's courts. To perform the functions and duties entrusted by the law well, courts at

all levels considered the enhancement of trial quality as a central link in their work of strictly enforcing the law. First, they conscientiously carried out the principle of open trials. In civil and economic trials, they smoothed out the relations between the accuser and the defender by persisting in the principle "one should provide evidence to assert one's claim." They turned court hearings into a process of hearing the evidence and debates presented by the parties concerned, as well as judging, examining, and using evidence to determine the facts to ensure trial quality. Second, they made more efforts to provide guidance and persisted in a case inspection system. A total of 4,200 cases were checked through self inspection, random inspection, and mutual inspection. Third, they strengthened trial supervision and the work of handling complaints and petitions. When they discovered a case was mistakenly handled, they corrected it in light of the principle of seeking truth from facts and correcting mistakes if they are found, and in accordance with the procedures of trial supervision. A total of 1,881 cases that had legal validity over past years were reexamined, with sentences in 348 cases being changed. They examined and concluded 113 cases of counter appeal filed by procuratorate organs and changed sentences in 32 cases.

Last year, 14,273 cases involving sentence-reduction and bail were also handled according to law. Court personnel visited 884 persons who were either given suspended sentences or bail. Implementation of measures to help and to educate those who received suspended sentences and those who were put on bail promoted the comprehensive management of public order.

Enforcement is an important part of the strict enforcement of the law, which has long been one of the courts' difficult jobs. To truly solve the problem of difficult enforcement, we, on the one hand, stress that a fair trial is a prerequisite for enforcement, that it is necessary to correctly handle cases, to strictly enforce rules and regulations, and to persist in enforcement according to law and in a civilized manner; and on the other hand, we also stress resolute resistance to and overriding local protectionism, courageous and skillful enforcement, and striving to achieve even better social effects through making full use of legal means. At the same time, by adopting regular and special enforcement measures, we did a good job of delegating enforcement and intensified the degree of enforcement. We achieved marked results in the area of enforcement last year. The number of various cases we enforced last year totalled 50,998, and the percentage of cases that remained unenforced was down by 15.2 percent compared with the end of the previous year.

Over the past year, all levels of courts continued to conscientiously implement the "Zhejiang Provincial Provisions on Supervision of Judicial Work by Various Levels of Local People's Congress Standing Committees," sincerely accepted the supervision of people's congresses and their standing committees, and constantly improved their work. At the same time, they

further improved the work system of handling suggestions, opinions, and criticisms advanced by people's deputies and of handling cases entrusted to them by people's congresses; they assigned personnel to handle cases and they enhanced checks on the handling of cases. Last year the province saw the handling and completion of 206 cases involving suggestions, opinions, and criticisms made by all levels of people's deputies. Courts also gave replies to deputies in a conscientious and responsible manner. Provincial courts also asked 863 people's deputies to serve as honest-administration and law-enforcement monitors for the courts. This created a positive effect on accepting people's congresses' supervision, on the timely discovery of problems, and on improving the courts' work.

6. Improve the Building of the Ranks of Court Personnel and Constantly Raise the Political and Professional Quality of Cadres and Policemen

Over the past year, courts in the province stressed trial work on the one hand and concentrated on building up the ranks of court personnel on the other. They constantly raised the quality of court personnel and strove to build a contingent of judges who are politically resolute, professionally competent, perfect in work style, honest in life, and fair in law enforcement.

First, they enhanced and improved ideological and political work. Provincial courts arranged sessions for cadres and policemen to conscientiously study the "Selected Works of Deng Xiaoping," the guidelines set forth at the third and fourth plenary sessions of the 14th CPC Central Committee as well as the CPC Central Committee's relevant principles and policies, constantly enhanced the concept of the overall situation among cadres and policemen, and helped them raise self-awareness to implement the party's basic line. In view of a small minority of law-violating and discipline-breaching cadres and policemen who are affected by the thinking of individualism and hedonism under the conditions of a market economy, we called on cadres and policemen to erect an image of judges in themselves who are unshakably fair, reasonable, truth-seeking, enforce the law strictly, lead an honest life, and who loathe evils above anything else. We arranged for cadres and policemen at provincial courts to carry out serious discussions and asked them to compare themselves with the above-mentioned judges. Many courts also sponsored activities to evaluate and select outstanding judges and organized outstanding judges to report on their deeds across the province. This produces a promotional effect on persisting in strict law enforcement and on raising the quality of the ranks of judges. Last year, the province's courts saw the emergence of a large number of advanced collectives and individuals who performed their official duties honestly and who had accomplished their tasks brilliantly. A total of 89 collectives and 195 persons were awarded prizes for their meritorious services. A total of 32 people's courts were given honorary titles by city and county party committees and by people's congresses' standing committees.

Second, they organized different training programs for cadres. In addition to stressing regular professional studies, they held either training classes, or sponsored seminars, and experience-exchange meetings to enhance professional training. Last year, they ran a total of 98 training classes for 1,767 cadres and policemen. Following the promulgation of the "State Compensation Law," we organized in a timely manner sessions for court presidents who would be charged with the trial of compensation cases and for administrative court presidents to study the "Law" and provided other training programs in preparation for the implementation of the "Law" on 1 January this year.

Third, they opposed corruption, advocated honest administration, conscientiously carried out the anticorruption task of rectifying unhealthy tendencies, of investigating into and handling law-violation and discipline-breaching cases, and of leading cadres' honest performance of official duties and exercising self-discipline. In the first place, they launched major drives of checking on law and discipline enforcement and adopted measures to prevent repeated occurrences of problems and to deal with weakness in work. In the second place, they strictly investigated unscrupulous court personnel and handled improper practices in courts. Of the 34 law-breaking and discipline-breaching cadres and policemen who were investigated and handled last year, seven were punished according to party and political disciplines and four were prosecuted criminally. In the third place, they conscientiously checked on party and government organs' use of enterprises' funds and materials without compensation.

Last year, thanks to the leadership of all levels of party committees, to the supervision of people's congresses, to government support, and to the efforts of court cadres and policemen, all levels of courts in the province scored new results in all areas of work. The courts, however, also met with many problems and difficulties in performing their jobs. The main problems and difficulties were: 1. Building of the ranks of court personnel still lagged behind the new situation in political and economic development; a small number of cadres and policemen lacked a strong sense of the overall situation; they tended to handle cases for the sake of handling cases; they adopted a go-it-alone case-handling attitude; and they did not pay enough attention to social effect. 2. There were still reports on lax law-enforcement cases; the quality of case-handling in a small number of cases was not high; there was a lack of strictness in enforcing the procedural law; social effect was affected due to the untimely trial of some major cases. 3. A small number of courts did not put in enough effort in ideological and political work and were not strict in enforcing rules and discipline; there were still reports of cadres' and policemen breaking the law and breaching discipline; some of them bent the law for the benefit of relatives or friends and even took the path to crime; their acts created an extremely bad influence. 4. The environment for law-enforcement was far from satisfactory; local protectionism was very serious. 5. Contradictions

between heavy trial tasks and poor conditions for law-enforcement were still prominent. Court facilities and equipment were backward; funding difficulties prevented many courts from smoothly carrying out their trial work. In view of the situation, we will make serious study and find solutions for those problems. We will also ask continued supervision and support from the provincial people's congress and its standing committee as well as from people congresses' deputies.

As this year is the final year for comprehensively fulfilling the "Eighth Five-Year Plan," the tasks facing the courts and the responsibilities on them are made all the more arduous and more heavy. In line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and with the guidelines laid down at the 14th CPC National Party Congress, at the third and fourth plenary sessions of the 14th CPC Central Committee, at the Central Economic Work Conference, and at the National Political and Law Working Conference, this year's guiding thought for the province's courts is: **Adherence to the Policy of "Promoting the Reform and Opening Drive on the One Hand and Cracking Down on Severe Crimes on the Other and of Putting Equal Emphasis on Both" and Comprehensively Enhance Trial Work by Continuously Centering on the Overall Situation of the Work of the Party and in the Nation; the "Severe Crackdown" Struggle Must Be Intensified; The Quality of the Handling of Major and Important Cases Must be Raised; a Regulatory Function Must Show Its Advantage; Law and Discipline Enforcement Must Be Strict; Efforts Must be Made To Raise the Image of Judges; A More Effective Judicial Guarantee Should be Provided to Help Maintain Stability, Deepen Reform, Expand Opening Up, and Promote Development. To Achieve That End, We Must Emphasize the Following Tasks:**

First, Intensify the "Severe Crackdown" Struggle; Maintain Social Stability with All Efforts It is necessary to give prominent status to the task of severely cracking down on serious crimes, with the emphasis of the crackdown on homicide, robbery, and rape cases because such evil crimes pose great dangers to and create a major impact on society; on hooligans who ride roughshod over neighborhoods; on organized crime; on robbers who rob people on buses or trains; on those who put up roadblocks to forcibly collect fees from passing vehicles; on recidivists; on drug traffickers; on pornographic material traffickers; and on abductors and traffickers of women and children. It is necessary to swiftly try and conclude serious cases with major importance according to law and to mete out severe punishment to criminals. Courts are still required to continue to become actively involved in the struggle of rectifying public order in rural areas and to try to increase social effects through the handling of cases.

We will continue to penetratingly crack down on severe economic crimes and spare no effort in trying major and important cases. Those who abuse their positions and power to seek personal gain, engage in malpractices,

pervert the law, or take bribes, will be severely punished according to law. At the same time, we will severely clamp down on crimes that undermine reform and opening up and disrupt the economic order. The focus of the efforts will be placed on clamping down on counterfeiting, stealing, or reselling vouchers at a profit exclusively for value-added taxes; on evading taxes, refusing to pay taxes, and extracting tax refunds with false exports; on financial fraud and bank note counterfeiting; and on smuggling, dealing in smuggled goods, and producing or selling counterfeit or substandard products. We will seriously implement the policy of combining severe punishment with lenient treatment, and will attach importance to imposing suitable additional punishment, such as confiscating property and imposing fines, to enable criminal punishment to fully serve their purposes.

Second, we will strengthen and adjust court function to provide good-quality and highly-efficient service for economic construction

We will regard the trial of economic cases as an important task; we will properly try cases involving deepening reform of state-owned enterprises, cases involving rural economic development, and cases involving macroeconomic regulation and control measures. We will make efforts to improve the efficiency of case handling, and to enable economic trials to fully serve their purpose of regulating, safeguarding, and promoting economic development, in order to provide legal assurance and service to establish a socialist market economic system and for the province's economic development.

Regarding the trial of civil cases, we will attend to fundamental work at the grass-roots level while handling cases. We will properly mediate or address in a timely manner cases involving contradictions that are apt to intensify. We will step up efforts to try cases involving intellectual property rights to effectively protect the legitimate rights and interests of parties concerned. We will provide better guidance for mediation organizations so as to enable large numbers of disputes to be settled when they begin to surface at the grass-roots level.

Concerning administrative trials, we will courageously and skillfully suppress interference and insist on handling cases according to law. The "State Compensation Law of the PRC" has been formally enforced. We will continue to organize courts at all levels to study and enforce the law; at the same time, we will sum up experience in a timely manner to ensure that this important law is correctly enforced.

As for the trial of cases of maritime affairs, we will try to detect more cases of this nature and improve trial work according to the characteristics of maritime trade and traffic.

Third, we will insist on strictly enforcing the law to maintain the authority and integrity of the state's legal system We will resolutely oppose and deal with regional

and departmental protectionism, suppress all kinds of interferences, conduct work strictly according to the established procedural and substantive laws, try cases fairly, and assure the quality of case handling. We will step up executive work and safeguard the dignity of law.

We will continue to practice open-court trials, deepen reform of the way trials are conducted, increase the transparency of case handling, assure the quality of case handling, and improve the efficiency of case handling to help promote administrative honesty.

We will further strengthen supervision over trials and provide better guidance for trial work. Cases of appeal, counterappeal, and supervision over trials, should be transferred in a timely manner according to the law to shorten the cycle of case handling as much as possible. We will enhance trial discipline and closely keep the secrets of trials.

Fourth, we will strengthen the building of courts and ensure that the set trial task is successfully accomplished Following the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, we will properly educate and organize the brigade of court cadres. We will attach great importance to promoting administrative honesty, will step up education in this regard, earnestly implement measures to promote administrative honesty, ensure the training of cadres, impose stringent demands on them, tighten management of them, and correct mistakes while rectifying the brigade of cadres to improve the overall quality of the brigade of court cadres and to create a good image of court judges. Incidents involving violation of law or discipline are to be dealt with severely.

We will further build up leading bodies and enhance their ability to lead. We will adhere to the principle of democratic centralism and ensure unity and harmony among leaders. All important matters and decisions concerning court work should be discussed collectively to give full play to the collective wisdom and strength and to assure the correctness and reliability of decisions.

In the new year, under the leadership of the provincial CPC committee and under the supervision of the provincial people's congress and its standing committee, we are determined to adhere to the party's basic line, to unify our thinking, lift our spirits, work in a down-to-earth manner, and work diligently to accomplish the tasks set by the Third Session of the Eighth Zhejiang Provincial People's Congress.

Southwest Region

Sichuan Reports Falling Prices in Chengdu

HK2604020995 Beijing ZHONGGUO XINWEN SHE
in English 1250 GMT 25 Apr 95

[FBIS Transcribed Text] Chengdu, April 25 (CNS)—Repeated price rises were seen last year in Chengdu City

with inflation reaching as high as 23.3 percent. Pork was once sold at a price of RMB 8 [renminbi] a catty.

According to relevant sources, the average index of commodity retail sales in the first quarter of this year was 117.8 percent, and inflation in the first three months of 1995 reached 18.3 percent, 18.5 percent and 16.6 percent respectively. Though a slight increase over the corresponding period last year, a trend of slight decline has been observed.

The causes for prices to drop in the city are that since the Spring Festival of this year, there has been a sharp recession in the prices of meat, poultry, eggs and so on. According to statistics, the price index of meat, poultry and eggs in March dropped by 11.3 percent compared with February which has brought a recession of 1.8 percentage points to the overall price.

While the decline was seen in meat price, fresh commodities prices have kept rising and price of fresh vegetables has increased by 40 percent. Cost of industrial consumption goods, while maintaining stable on the whole, has increased slightly. Moreover, affected by the rise in raw material prices, prices of Shanghai-made bicycles and fluorescent lamp tubes have been raised as well.

According to sources, it is hard to predict the price tendency in Chengdu in the second half of this year. The sharp rise in agricultural production means, including chemical fertilizers, have resulted in rising costs in agricultural by-products which will affect the price stability in the retail market in the second half of this year.

Various kinds of practical measures will be taken by the city to ensure obvious price reductions compared with last year.

Tibet's Regional Autonomy Brings 'Progress'

OW2604035195 Beijing XINHUA Domestic Service in Chinese 2110 GMT 7 Apr 95

[By reporter Ning Shiqun (1337 0013 5028)]

[FBIS Translated Text] Lhasa, 8 Apr (XINHUA)—The practice of nationality regional autonomy in Tibet has brought about political progress, economic prosperity, and social development to the region.

Over the last decade since the Law on Nationality Regional Autonomy was implemented in Tibet, autonomous organs of the region, considering Tibet's political, economic, and cultural characteristics, have exercised their rights to practice autonomy; quickened the pace of legislation; and drafted and enacted more than 150 regional laws, regulations, and administrative regulations, ensuring the region's stability, economic development, and social progress. The region's agricultural and animal husbandry production has developed steadily; its industry has grown to some extent; it has stepped up infrastructural construction; new breakthroughs have been made in its internal and foreign trade; its financial

revenues have increased year by year; and its entire economy has shown a good development trend. The region's economic growth reached 8.6 percent in 1994, and the livelihood of the masses has improved noticeably.

Following relevant stipulations in the Law on Nationality Regional Autonomy, large numbers of citizens of the Tibetan and other minority nationalities have been elected people's deputies at various levels to participate in discussing important state affairs, to make decisions on important matters, and to directly take charge of affairs in their respective nationality areas. This enables them to fully exercise the rights that minority nationalities deserve as the masters of the country, and enables the system of people's congress and the system of nationality regional autonomy to fully demonstrate their advantages and important roles. Tibetan deputies and deputies of other minority nationalities to the third through sixth regional people's congress accounted for more than 80 percent of the total number of deputies; the post of chairman of the regional people's congress standing committees has always been assumed by citizens of Tibetan nationality.

The right of Tibetan and other minority nationalities to manage their respective internal affairs has been further ensured; peoples of all nationalities have been further motivated to serve as the masters of their own affairs; the socialist nationality relationships of equality, solidarity, and mutual assistance, between the Tibetan and Han nationalities and between the Tibetan and other minority nationalities have further developed. A contingent of cadres with Tibetan cadres as its main body and that includes cadres of the Han and other nationalities has been established in Tibet. Cadres of Tibetan and other minority nationalities account for 70.3 percent of the total cadres of the contingent; they account for 67.2 percent of leading cadres at the provincial level, 65.3 percent of leading cadres at the prefectural level, and 60.9 percent of leading cadres at the county level.

Freedom of religious belief has been truly assured, and the legitimate rights and interests and normal religious activities of monks, nuns, and religious masses have been protected. Over the last decade, a number of traditional nationality and religious festivals have been reinstated, a few religious sites have been rebuilt, and a few new sites have been constructed. With the concern of the central authorities, the Potala Palace, Jokhang Temple, Sangye Temple, Baiju Temple, and many other important temples and historical sites in Tibet have been renovated; and a pagoda and a memorial hall dedicated to the Banqen the Tenth were built.

Importance has been attached to the study and use of the Tibetan language. In 1987, the Fifth Session of the Fourth Tibet Regional People's Congress adopted "Some Regulations on the Study, Use, and Development of the Tibetan Language," and the regional government also formulated detailed rules for implementing the

regulations. Currently, both the Tibetan and Chinese languages are used in important documents issued by all organs of Tibet and are used at important meetings held by them. The Tibetan language has been used in increasingly more areas in daily life. At the same time, progress has been made in protecting, salvaging, and promoting outstanding nationality cultural heritages.

Antiseparatist Struggle Urged in Tibet

OW2504130495 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 23 Apr 95

[FBIS Translated Text] Listeners, on the afternoon of 20 April the regional procuratorate invited a lecture group of the propaganda department under the regional party committee to give a report on the current situation. The report was entitled "Emancipation of the Minds and Anti-Separatist Struggle." Station reporter interviewed (Huang Yiping), deputy chief procurator of the regional procuratorate, after the lecture. The following is the recorded interview:

[Begin recording] [Unidentified reporter] Chief Procurator (Huang), after hearing the report, I would like to ask you to explain the importance of emancipating minds and waging an anti-separatist struggle in procuratorial work.

[(Huang)] Our understanding has been enhanced after hearing the report. Actually the struggle against separatism is a matter of raising our understanding. In conducting procuratorial work, how should we, the vast numbers of procuratorial cadres and policemen, safeguard the motherland's unification? We should do so by raising our understanding and recognize that the struggle against separatism will help safeguard the motherland's unification. If we do so, we will be able to carry out our procuratorial work with greater confidence.

[Unidentified reporter] The reporter also interviewed (Cao Beifen), director of the Prosecution and Appeal Office of the Lhasa City Procuratorate. She told the reporter:

[(Cao)] Lhasa is the region's political, cultural, and economic center. At the same time, it is also the major area where the Dalai clique is carrying out its separatist activities. The separatist activities carried out by the Dalai clique directly affect Tibet's stability. It is the procuratorial offices' primary and long-term responsibility to crack down on sabotages carried out by the Dalai clique and a small number of separatists. Stability is a precondition for the successful conduct of work in every other field. Without stability, nothing can be accomplished. In the face of the anti-separatist struggle and task and in light of Lhasa's social order and the characteristics of its struggle against separatism, all procuratorial cadres and policemen in the city have remained sober-minded and, with a clear sense of direction and a higher sense of responsibility and mission, accurately enforced the law and fully employed the instrument of

people's democratic dictatorship to wage a tit-for-tat struggle with a clear-cut stand. They also took the initiative to join forces with public security organs, state security departments, people's courts, and other relevant departments to crack down on separatists and various serious criminal offenses. [end recording]

North Region

Inner Mongolia's CPPCC Session Opens 13 Apr

SK2604085295 Hohhot NEIMENGGU RIBAO in Chinese 14 Apr 95 p 1

[FBIS Translated Excerpt] The third session of the Seventh Inner Mongolia Autonomous Regional Chinese People's Political Consultative Conference [CPPCC] Committee opened in Hohhot on 13 April.

Qian Fenyong, chairman of the autonomous regional CPPCC committee, presided over the opening ceremony for the session.

Seated in the front row of the session's rostrum were vice chairmen of the autonomous regional CPPCC committee, including Zhang Zuocai, Nai Deng, Lan Qianfu, Wu Lan, Qi Zhongyi, Zhang Shunzhen, Yuan Mingduo, Geroltu, Wu Lunsai, Xia Ri, Yang Zizhen, Chen Youzun, and Xu Bonian.

Attending the opening ceremony to extend congratulations and seated on the session's rostrum were principal leading personnel from the party, government, and army organs—including Liu Mingzu, Wang Qun, Wuliji, Zhang Zhen, Wang Zhan, and Uyunqing.

Also attending the session were Wang Duo, Hao Xiushan, Wang Jiangong; and Batu Bagen, member of the National CPPCC Standing Committee.

Since the seventh autonomous regional CPPCC committee is comprised of 488 members, the quorum attendance by 437 members validated the session. [passage omitted]

During the opening ceremony, Chairman Qian Fenyong delivered a speech in which he urged all participating members to implement the spirit of the "two sessions" and the spirit of the sixth autonomous regional CPC congress by regarding as a guidance the Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line. He also urged them to earnestly implement the function of political consultation, democratic supervision, and of the participation of political and government affairs; to turn the session into a rally of exercising democracy, seeking truth, forming unity, and bringing drive into play; and to offer opinions and policies to the autonomous regional programs of reform, development, and stability.

At the request of the seventh autonomous regional CPPCC standing committee, Zhang Zuocai, vice

chairman of the autonomous regional CPPCC committee, reported on the standing committee work to the session. [passages omitted]

The spirit of the Third Session of the Eighth National People's Congress and the spirit of the Third Session of the Eighth National CPPCC Committee (in written form) were relayed at the session. The motion examination committee of the seventh autonomous regional CPPCC committee submitted a (written) report on the handling of motions raised since the second session of the seventh autonomous regional CPPCC committee.

Attending the session and seated on the session's rostrum were Feng Qin, Han Maohua, Bai Yin, Wan Jisheng, Zhou Dehai, Yu Xinglong, Liu Zuohui, Yi Junhua, Liu Zhenyi, Cui Weiyue, Jia Cai, Liu Zhen, Wang Xiumei, Liu Xiaowang, Shen Shuji, Bao Wenfa, Wang Fengqi, Baoyindeliger, Bayanertu, Alstanaoqir, Li Shuyuan, and Yun Zhaoguang.

Also attending the session's opening ceremony as observers were responsible persons from various regional level democratic parties, the regional federation of industry and commerce, and from relevant departments, commissions, offices, and bureaus under the regional party committee and the regional people's government; as well as responsible persons from the united front work department under the CPPCC committee of various leagues and cities.

Inner Mongolia People's Congress Session Opens

SK2604090695 Hohhot NEIMENGGU RIBAO in Chinese 16 Apr 95 p 1

[FBIS Translated Excerpt] The third session of the eighth autonomous regional people's congress ceremoniously opened in the auditorium of the regional people's government on the morning of 15 April. There were 533 deputies who were attending the session and heard the government work report made by Wu Liji, vice chairman of the autonomous regional people's government.

Wang Qun, executive chairman of the session and executive member of the session's presidium, presided over the opening ceremony. Seated in the front row on the session's rostrum were executive chairmen and executive members of the session's presidium—including Yu Xinglong, Liu Zuohui, Yi Junhua, Liu Zhenyi, Cui Weiyue, Jia Cai, Liu Zhen, Wang Xiumei, Shelebatu, Liu Xiaowang, and Zhao Qingshan.

Seated on the session's rostrum were principal leaders from the regional party, government, and Army organs and the regional Chinese People's Political Consultative Conference [CPPCC] committee, including Liu Mingzu, Qian Fenyong, Peng Cuifeng, Zhang Zhen, Wang Zhan, and Uyunqing; members of the session's presidium; as well as Wang Duo, Batu Bagen, and Hao Xiushan.

At 0830 that day, the session was opened amid the majestic music of the national anthem, at which Chairman Wu Liji delivered a government work report. [passages omitted]

Also attending the session and seated on the session's rostrum were Feng Qin, Han Maohua, Bai Yin, Wan Jisheng, Zhou Dehai, Shen Shuji, Zhou Weide, Bao Wenfa, Wang Fengqi, Baoyindeliger, Bayanertu, Feng Yuqiang, Zhaorigele, Zhang Zuocai, Nai Deng, Lan Qianfu, Wu Lan, Qi Zhongyi, Zhang Shunzhen, Yuan Mingduo, Geroltu, Wulunsai, Xia Ri, Yang Zizhen, Chen Youzun, Xu Bonian, Ba Shijie, and Zhang Hesong.

Attending the session as observers were all members attending the third session of the seventh autonomous regional CPPCC committee; staffers from the autonomous regional people's government; mayors and heads of various cities and leagues; responsible persons from the work committee and standing committee of various city and league people's congresses—including the cities of Manzhouli and Eronhot; responsible persons from various departments, commissions, offices, and bureaus under the regional level organs; as well as responsible persons from various regional level democratic parties and mass communities.

Official Expresses Condolences Over Deaths

OW2604090095 Beijing XINHUA in English 0818
GMT 26 Apr 95

[FBIS Transcribed Text] Beijing, April 26 (XINHUA)—A leading official from the Taiwan Affairs Office of the State Council expressed condolences here today for the death of eight Taiwanese tourists and three local boatmen who died last Sunday when the boat they were in capsized on Shennong Creek, in central China's Hubei Province.

Leaders of the State Council and local governments have shown the utmost concern over the accident, the official said.

The local governments are dealing with the aftermath of the accident and making appropriate arrangements for visits by family members of the deceased, the official added.

A boat carrying 26 people, including 18 Taiwanese tourists, struck a rock and capsized while it was drifting on Shennong Creek, a small tributary of the Chang Jiang River. Eight of the tourists died, as did three boatmen who tried to save the victims.

All the others on board were rescued unharmed.

Leader 'Positive' Over Upcoming Taiwan Talks

OW2504160195 Beijing XINHUA in English 1504
GMT 25 Apr 95

[FBIS Transcribed Text] Beijing, April 25 (XINHUA)—The Beijing-based Association for Relations Across the Taiwan Straits [ARATS] has a positive attitude towards the upcoming talks with the Straits Exchange Foundation of Taiwan.

This came today from Zhang Jincheng, secretary-general of the mainland association, who expressed the hope that the two sides will choose their topics and conduct negotiations with a practical attitude.

Zhang said that the mainland association has sent a letter to the Taiwan foundation on subjects for the talks at the deputy secretary-general level, saying that the association is prepared and is just waiting for a reply from the foundation.

Zhang said that the two sides had reached many agreements in the areas of economy, and science and technology in previous talks.

Li Yafei, deputy secretary-general of the mainland association, said that the two sides have reached a consensus on two drafts concerning repatriation of hijackers and repatriation of people illegally entering any side. But some issues concerning disputes at sea still need to be discussed, he said.

Li said that the two sides should hold talks on other issues, instead of merely quibbling over issues that are already settled.

Mainland Official Welcomes Li's Statement

OW2604043495 Taipei CNA in English 0133 GMT 26 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Beijing, April 25 (CNA)—A ranking Beijing official on Monday [25 April] said he welcomed ROC [Republic of China] President Li Teng-hui's recent statement that Taiwan is willing to share its agricultural development experience and expertise with the mainland.

Wang Zhaoguo, director of the Taiwan Affairs Office under the mainland's State Council, made the remarks during a meeting with a 60-member delegation of Taiwan businesspeople at the Beijing people's hall [as received] Monday night. The group was led by Jack Sun, chairman of Taiwan's Council for Industrial and Commercial Development, and Wu Si-chung, honorary chairman of the council.

Wang gave a positive appraisal of Taiwan's agricultural development experience, and said cross-Taiwan Strait ties could be improved if Taiwan would assist the mainland in developing its own agricultural sector.

Wang is the highest-ranking mainland Chinese government official to respond to Li's six-point statement, which called on Beijing to renounce the use of force against Taiwan, for the end of hostilities across the strait, and for closer economic ties between the two sides.

Wang, concurrently head of the Chinese Communist Party's United Front Work Department, told his guests that Beijing has organized a task force to carefully study Li's statement. Beijing has not yet formally responded to the statement.

Wang said he felt positive about Li's statement because it has served to lighten the atmosphere between the two sides. In addition, he said the mainland policy that focuses on the promotion of bilateral ties is in line with mainland President Jiang Zemin's instruction on Taiwan affairs.

Wang, however, said Beijing's stance toward Taiwan's joining international organizations was still that it could do so only under the "one-China" principle, and added that Beijing opposes any action that runs counter to the premise.

He also avoided giving his support for Taiwan's bid to host the 2002 Asian Games by saying that the State Physical Culture and Sports Commission already has stated its position on the matter. "What's more," Wang pointed out, "it is not in the position of the Taiwan Affairs Office to comment on the issue."

Naval Patrol Ferries Supplies to Spratlys

OW2604055695 Taipei LIEN-HO PAO in Chinese 22 Apr 95 p 4

[FBIS Translated Text] Following an uproar in Taiwan caused by the recall of a South China Sea patrol to be

carried out by boats of the Seventh Peace Preservation Police Corps, a Navy fleet, composed of two carriers and two destroyers, steamed to Taiping Island in the Spratlys to support Taiwanese troops. After completing its mission of ferrying supplies, the fleet returned to the Tsoying Base in Kaohsiung at 1000 yesterday morning and was greeted by Commander-in-Chief of Navy Ku Chung-lien.

The Navy fleet, composed of carriers Chung Chien and Chung Hsun, and the destroyers Shao Yang and Cheng Yang, departed from Kaohsiung's Tsoying on 8 April, four days after the Seventh Peace Preservation Police Corps' return on 4 April.

The Navy fleet reached the waters off Taiping on the evening of 12 April and arrived at the island at noon on 13 April. After a five-day stay at the island, the fleet set sail for home on 17 April. On 19 April the fleet spotted an airplane, whose identity was unknown, circling over the ships, and detected radar waves from the southeast. However, nothing more happened.

After departing a naval port at Tsoying, the fleet was proceeding in a diamond formation with the Chung Chien in the front and Chung Hsun in the rear, under the escort of destroyers Shao Yang and Cheng Yang. During the voyage various exercises were held.

Also participating in this mission were Chen Chung-yu, researcher of the Academia Sinica's Institute of History and Philology, who went to Taiping for archaeological studies; Professor Cheng Yi-chun of the University of Marine Science and Technology, a green turtle researcher; and staff of the Telecommunications Bureau.

Official Calls For Investment Guarantee Talks

OW2604052795 Taipei CHUNG-KUO SHIH-PAO in Chinese 25 Apr 95 p 4

[FBIS Translated Text] Wang Chao-kuo [Wang Zhaoguo], director of the Taiwan Affairs Office under the State Council in mainland China, said today: Mainland China is ready to sign an investment guarantee pact for Taiwanese investors and wishes to hold talks and seal such an agreement based on reciprocity. It is hoped that Taiwan can give a quick response to this issue and decide what department is responsible for the talks, so as to hold a fair discussion with the mainland on an equal footing.

Wang Chao-kuo made these remarks today, when meeting with a Taiwan delegation of the Council for Industrial and Commercial Development [CICD] in Peking's [Beijing] Great Hall of the People.

CICD Chairman Sun Tao-tsun reported what Wang Chao-kuo said, saying that the mainland did organize a team in a hope of discussing protection for Taiwanese investors with Taiwan.

Teng Pei-yin Appointed First Envoy to India

OW2604052695 Taipei CHUNG-YANG JIH-PAO in Chinese 25 Apr 95 p 4

[FBIS Translated Text] It has been learned that Teng Pei-yin, director of the East Asian and Pacific Department under the Ministry of Foreign Affairs [MOFA], will take up the post as the first representative of the Taipei Economic and Cultural Center—the Republic of China's [ROC] representative office in New Delhi, India.

India is a major state in South Asia. The representative office in India is the ROC's first stronghold in the region. India used to be unfriendly. However, ROC-India relations have improved in recent years. After one year's consultation between the ROC and India, an agreement was reached early this year on establishing a representative office. The India-Taipei Association is India's representative office in the ROC and former vice minister Khanna is the first representative.

Teng Pei-yin and Khanna were the key negotiators in the ROC-India talks on representative offices. Teng Pei-yin inspected India in May 1993; and when Khanna was vice foreign minister, he visited Taiwan in September 1994 to learn about matters related to establishing a representative office.

Teng Pei-yin joined the Ministry of Foreign Affairs in 1970. After one year's service in the African Affairs Department he was assigned to Chung Hua Travel

Service—the ROC's representative office in Hong Kong. Starting as a secretary, he was promoted to vice general manager, and then to general manager during his 18 years in Hong Kong. After returning to Taiwan, he took the post as deputy director of the MOFA's Consular Affairs Department. He became deputy chief when the Consular Affairs Department was upgraded to the bureau level. He has been director of the East Asia and Pacific Department since 1992.

Vatican Names New Envoy to Taipei

OW2604042495 Taipei CNA in English 0135 GMT 26 Apr 95

[By Chung Hai-tai & Benjamin Yeh]

[FBIS Transcribed Text] Rome, April 25 (CNA)—Pope John Paul II on Monday [24 April] appointed Joseph Chennoph as the Holy See's new charge d'affaires to the Republic of China [ROC].

Chennoph had an audience with the pontiff before his departure for Taiwan on Monday.

A career diplomat, Chennoph had served in the Vatican's embassies in Turkey, Iran, Belgium and Spain since he joined the Holy See's foreign service in 1977.

The Holy See is the sole European country maintaining official diplomatic links with the ROC.

Hong Kong**Media Cover 'Right of Abode' Issue****Lu Ping Views Court, 'Abode'**

*HK2504145695 Beijing ZHONGGUO XINWEN SHE
in English 1400 GMT 25 Apr 95*

[FBIS Transcribed Text] Beijing, April 25 (CNS)—When meeting Hong Kong industrial and commercial visiting delegation in Beijing, Lu Ping, Director of Hong Kong and Macao Affairs Office Under the State Council, said that China sincerely hopes to co-operate with the British side to execute the agreement concerning the Court of Final Appeal in Hong Kong reached in 1991 so that the Court of Final Appeal can be set up as soon as possible.

He clarified that the contents of the agreement concerning the Court of Final Appeal in 1991 only involve the proportion of permanent judges to non-permanent judges. Other questions which have not been reached an agreement such as the judicial powers, the procedures of the appointment of judges should be discussed by China and Britain according to the principles of the Basic Law.

Lu Ping said that the British side does not promise to submit the draft ordinances of the Court of Final Appeal to the Legislative Council for discussion after both the Chinese and British parties have reached an agreement. The British side also said that if agreements cannot be reached before July 1995, the British side will unilaterally submit the draft ordinances of the Court of Final Appeal to the Legislative Council for discussion.

He pointed out that the British side should negotiate with the China sincerely. China hopes that Hong Kong Court of Final Appeal can be set up as soon as possible, but China cannot accept any time limit given by the British side. Recently, the Special Group for Political Affairs under the Preparatory Working Committee has discussed the question of Hong Kong Court of Final Appeal, and is prepared to draw up a plan after further discussion.

When mentioning the right of abode, he said that those who have the right to abode in Hong Kong if in accord with the Basic Law can retain their right of abode after 1997. Those who do not have the right of abode in Hong Kong now but accord with the regulations concerned in the Basic Law can be given the right of abode in Hong Kong after 1997; these include some overseas citizens. Overseas citizens who do not take Hong Kong as a perpetual living place, such as Philippine maids, still do not have the right of abode after 1997.

He said that after 1997, the Hong Kong people who have the right of abode in Britain will not be discriminated. But they cannot be made the chief executive or important officials in Hong Kong Special Administrative Region, and the proportion of these people in a legislative council cannot be over 20 percent.

Rejects 'Right' for Passport Holders

*HK2504135895 Hong Kong Television Broadcasts
Limited in English 1200 GMT 25 Apr 95*

[From the "News at 8:00" program; passages within quotation marks recorded]

[FBIS Transcribed Text] [TVB presenter Jenny Lam] A senior Chinese official says Hong Kong people with foreign passports will have to stay here for seven years after 1997 to qualify for permanent residency. The director of the Hong Kong and Macao Affairs Office Lu Ping gave that message to a group of businessmen in Beijing. As Lu Ping sat down with a group of Hong Kong businessmen in Beijing this morning. There were no words of assurance on the question of permanent residency in Hong Kong.

[Lu Ping, speaking in Mandarin] "The question of permanent residency is very complex. It cannot be explained in one or two sentences."

[Lam] But after the meeting, one of his visitors reviewed what Lu had told them about the future of foreign passport holders in the territory.

[Edward Ho, from the Business and Professional Federation, speaking in Cantonese] "He clearly told us that this group of people, those who have emigrated and obtained foreign passports, can live in Hong Kong without any restrictions when they return. After seven years, they can attain permanent residency."

[Lam] The problem is no one knows what permanent residency means, since Britain and China cannot come to an agreed definition. An official junior to Lu Ping earlier indicated China has no intention of coming to an agreement. It is all China's internal affairs, according to Chen Zuor. The permanent residency question looks like another uphill battle for [Governor] Chris Patten and his government. He says giving people here maximum assurances about their future is in the shared interest of Britain and China. If what Chinese officials say seems unsettling for Hong Kong, the Governor was giving them the benefit of the doubt.

[Patten] "That's what we in the Hong Kong government are striving to achieve so that people aren't worried about whether they can be residents after 1997, so that people aren't worried about how they or their families will acquire and hold on to the right of abode. I don't think that Mr. Chen Zuor would want to increase anxieties on those points. I'm sure that, on reflection, he'll probably slightly rephrase what he said."

[Lam] But, even for those who normally speak in favor of China, the messages on permanent residency, are painful to the ears.

[Tam Yiu-Chung, legislative councillor from the labor constituency, member of the Democratic Alliance for the Betterment of Hong Kong, speaking in Cantonese] "I

don't think it is very good to say that. It will cause anxiety among the Hong Kong people."

[Lam] Negotiations on permanent residency continue in the Joint Liaison Group. But, meanwhile, oblivious to the politics, people are leaving Hong Kong for good at a rate of more than a thousand a day.

Chen Zuor on 'Right'

HK2604051095 Beijing ZHONGGUO XINWEN SHE
in Chinese 1419 GMT 25 Apr 95

[FBIS Translated Text] Hong Kong, 25 Apr (ZHONGGUO XINWEN SHE)—Chen Zuor, Chinese representative in the Sino-British Joint Liaison Group (JLG), returned to Hong Kong from Beijing after briefing the society and public security panel of the PWC on the problem concerning the right of abode of certain Hong Kong people after 1997, and listening to the panel members' opinions. When asked by reporters about the problem, he said the Chinese side was very confident of solving the problem properly.

With regard to the report that the Chinese and British sides were contending for the final say in giving the definition of the permanent resident, Chen explained: Since the British side has disrupted the "through train" arrangement, and has stated clearly that it cannot converge the draft amendment to the immigration regulation with the Basic Law and put the new regulation into effect before 1997, the future Hong Kong Special Administrative Region (SAR) will have to make amendments and legislation on its own, in line with relevant provisions of the Basic Law. After 1997, any issue concerning Hong Kong will be China's internal affair, and any Sino-British agreement will be unnecessary. However, this does not mean that it is insignificant for JLG experts to exchange information and views. As there must be some connection between the immigration regulation and provisions about the right of abode before and after 1997, if experts from both sides could retain contact with each other out of their responsibility to the future of Hong Kong, it would help solve the problem concerning the right of abode of certain Hong Kong residents after 1997.

Chen added: The problem concerning the permanent resident status of 400,000 to 500,000 Hong Kong people of Chinese descent holding foreign passports will not remain unsettled in the future. The Chinese side has always welcomed the return of Hong Kong people who have emigrated abroad because most of them are qualified people who are useful to Hong Kong. The future SAR will need a large number of qualified people, and such people are hard to come by. If they are willing to come back, that indicates that they are willing to make contributions to Hong Kong's future, and that they still cherish love for Hong Kong. Several months ago, the PWC came up with a very good and concrete solution to the matter, which conforms to the Basic Law and is

hardly restrictive. Therefore, everyone should be optimistic about the solution of the problem concerning the right of abode of Hong Kong people holding foreign passports after 1997.

British Holders Can Apply

HK2604054795 Hong Kong SOUTH CHINA
MORNING POST in English 26 Apr 95 p 2

[By Catherine Ng in Beijing]

[FBIS Transcribed Text] British Nationality Scheme passport holders will be eligible for the Special Administrative Region (SAR) passports, senior Chinese official Lu Ping said yesterday. Mr Lu, Director of the Hong Kong and Macao Affairs Office, told a visiting business group the British passport holders could apply for SAR passports because their foreign nationality was not recognised.

Business and Professional Federation (BPF) chairman Edward Ho Sing-ting quoted Mr Lu as saying: "The British passports holders should not be discriminated against." It is only the scheme itself that the Chinese side opposes. Mr Ho added that according to Mr Lu, only those who want to take up principal positions in the civil service would be required to give up their British right of abode.

Mr Lu said the Chinese would speed up work with the British on the issue of the SAR passports. Mr Ho said Mr Lu gave him the impression the two sides had come close to consensus on the issue. Meanwhile, the group told Mr Lu the local civil servants wanted to know who would be their future boss the SAR chief executive. Mr Ho said: "As for the senior staff, especially those at retirement age, they would be more certain about their future after getting knowledge of the future chief executive." Certainly, it is a personal decision whether they will stay to serve under the future designated boss.

The BPF suggested to Mr Lu the chief executive should be elected before October 1996. Mr Ho said because the 1996 policy speech would involve policy affecting the SAR government formed after June 1997, the chief executive should take up his duties before this. He added the chief executive should also be given enough time to plan the midyear budget and the following annual budget. On whether the proposal would lead to a shadow government before the handover, Mr Ho said for every issue straddling 1997 there should be an understanding they would be settled by Sino-British co-operation.

The BPF also recommended defining as soon as possible the kinds of groups that would form the selection committee, empowered to elect the chief executive. Mr Ho said the groups chosen should also be able to elect their own representatives. Mr Ho said for Hong Kong's sake, the provisional legislature should only be in existence for a short time. Mr Lu did not comment on the recommendations, but said there would be no problem legalising the provisional legislature, Mr Ho said.

Beijing Names New Advisers on Hong Kong Affairs*HK2604055195 Hong Kong SOUTH CHINA MORNING POST in English 26 Apr 95 p 1*

[By Chris Yeung, Linda Choy and Lok Wong]

[FBIS Transcribed Text] Four former senior government officials have accepted an offer by the Chinese Government to join the fourth batch of advisers on Hong Kong affairs, boosting the ex officio team to 10. "The four who have the ears of Beijing are John Chan Cho-chak, former secretary for education and manpower; Yeung Kai-yin, former secretary for transport; Chow Che-king, former director of territory development and Tong Kang-sing, former deputy commissioner for customs and excise.

Six other former senior officials have already been named as advisers following the three previous rounds of head-hunting since 1992. The total number of Hong Kong advisers now stands at 186. The latest group of 45 is expected to receive its letters of appointment from Lu Ping, Hong Kong and Macao Affairs Office Director and Zhou Nan, local director of Xinhua (the New China News Agency) at a ceremony in Beijing on Friday.

Mr Yeung, now Sino Land Company Executive Director, said last night accepting the offer did not mean he would have to become pro-China. He has vowed to do anything that would be conducive to the smooth transition, adding he would not just say what Beijing wanted to hear. "I will speak up on things that the British and Chinese governments have done and might cause a problem," he said. Mr Yeung said his participation in a civil service group under the Preliminary Working Committee's political sub-group had been useful for offering his views to China. "If I can contribute even without a title, I think I can contribute more with the status of an adviser," he said.

In addition to four ex officio appointments, the fourth batch includes 27 businessmen, seven professionals, four academics and three from arts and entertainment. Two of the professionals are also members of the Legislative Council Eric Li Ka-cheung, an accountant and Edward Ho Sing-tin, an architect. Comedian Michael Hui Koon-man and film director Ng See-yuen joined colleague James Wong to become advisers. Prominent singer Fei Ming-yin is also on the list. Three business figures representing the travel industry have been included.

They are China Travel Service Group Limited deputy general manager, Chan Lup-chi and Hau Shuk-kee and Wong Si-sum of the Travel Industry Council. Among the pro-China businessmen were Yip Kwok-wah, owner of the now-defunct Contemporary Monthly magazine. The magazine, founded by a group of former Wen Wei Po employees after the June 4 crackdown, closed last month because of financial difficulties.

Mr Li, who challenged Governor Chris Patten's political reform bill in May last year, said he believed he was

appointed because of his professional background—not political affiliations. "I will support things that I believe to be right ... What I have done to lobby support for the political reform package can prove that," he said.

Mr Hui, who was active in lobbying Beijing against the piracy of local films in the mainland, said he would attempt to voice the aspirations of the six million people—and not just the entertainment sector. He said he hoped his appointment would serve to build a better and brighter future for the territory.

Mr Hui said his past experience in dealing with the mainland authorities on the problem of piracy was inspiring. "Initially it was difficult, but the more you talk to each other, the more each side begins to understand."

Patten To Table Draft Bill for Appeal Court*HK2604060495 Hong Kong EASTERN EXPRESS in English 26 Apr 95 p 1*

[By Wing Kay Po]

[FBIS Transcribed Text] The Government will definitely table the draft bill of the court of final appeal in the Legislative Council, and it is only a matter of when it will do so, a Government official has indicated. The Government's stance is certain to provoke Beijing just two days before British and Chinese experts are due to meet in the Government's last attempt to seek China's approval for the bill before tabling it in Legco.

Asked if the Government will table the bill since there is every indication that the Liberal Party, a major voting bloc in Legco, will not support the Government, the official said legislators will surely see the bill "at some point ... the question was when". He said the Government's chances of getting the bill through Legco will not have much bearing on its decision to table it. "I think that if we believe strongly enough that it's worth setting up the court before 1997, then we have an obligation to try to do so and that would require putting the bill into Legco even if we were not sure whether we were going to get it through," he said.

The official added that the Government will try to pressure China into producing a final list of their concerns regarding the bill for the Government to answer. He said it normally takes three weeks to submit a proposal to the Executive Council before tabling it to Legco, but in this case the Government would probably speed up the process.

The Governor, Chris Patten, yesterday hinted the Government will proceed with the bill even without Chinese approval. "I very much hope that we'll be able to proceed on the agreed basis to implement the legislation. If we can't get agreement, our responsibility is absolutely clear," he said. Lu Ping, the Director of the Hong Kong and Macao Affairs Office, said yesterday the 1991 agreement only covered the composition of the court,

allowing a maximum of one overseas judge to sit on the bench, and did not touch on other aspects of the court's establishment.

Lu said issues such as judicial powers and procedures for appointing judges are still being discussed by Britain and China. He said Britain had never said the draft bill would be put to Legco after an agreement was reached with China, nor had Britain indicated that the draft bill would be put to Legco without China's approval. The business-oriented Liberal Party has given notice to amend a motion proposed by the independent legislator Jimmy McGregor urging the court to be set up according to the Joint Declaration and Basic Law, as opposed to the 1991 agreement.

The deputy chairman of the Liberal Party, Ronald Arculli, said yesterday the party would put in an amendment to the bill to bring it in line with the Basic Law, to allow the court flexibility in selecting judges. The Liberal Party's opposition to the bill, together with the Democratic Party's, would make defeat for the Government highly probable.

Firms Linked in Sale of Technology to Iran

HK2604050295 Hong Kong SOUTH CHINA
MORNING POST in English 26 Apr 95 p 1

[From Simon Beck in Washington and Nicholas Ionides]

[FBIS Transcribed Text] Three connected Hong Kong companies with links to Russia, Austria and Australia have been struck from the Register of Companies amid allegations of helping China supply deadly nerve gas technology to Iran.

The companies Asian-Ways Ltd, World-Co (Hong Kong) Ltd and Mainway International Ltd were dissolved by Registrar of Companies Gordon Jones on February 17 after an almost two-year probe by local authorities and the United States.

A federal register of the Bureau of National Affairs, dated March 10, named Asian-Ways and others as being under watch in relation to "chemical and biological weapons proliferation sanctions", barring them from doing business in the US. A US State Department spokesman and Hong Kong authorities refused to give details of the sales or reveal the extent of their evidence.

The South China Morning Post understands the products involved include precursor chemicals for mustard gas and sarin. The chemicals are featured on the United Nations list of technology that should not be transferred to states such as Iran.

Sources indicated yesterday all the companies were targeted in a US intelligence investigation between 1993 and 1994. The three were formed at different times between July 1992 and March 1994, and each named an Australian merchant as a director or substantial shareholder. The companies also included as directors or

shareholders two Russian merchants—one in Austria and the other based in Moscow a German merchant living in Austria and two Hong Kong-based merchants.

Registry solicitor Arvind Patel yesterday confirmed the Companies Registry had been served with an order from the Executive Council to strike them off the books. The order, under Section 360c of the Companies Ordinance, was carried out on February 17 and published in the Government Gazette. Mr Patel said, however, that he did not know why they were struck off. "This was an order made by the Governor in Council and it was a confidential order. We don't know the background to it—we only execute the order." A spokesman for the Security Branch could not confirm the reasons of the order.

No details have emerged of the size or worth of the chemical shipments, but the firms were accused of having arranged the covert sale, strictly illegal in America. The cargo is not thought to have passed through the territory, but was shipped from China to Iran with stop-offs en route.

Gary Milhollin, executive editor of Risk Report, a Washington-based newsletter which researches the global proliferation of deadly weapons, said other companies in the territory were being investigated. "There's a big problem in Hong Kong with these shipments, but the authorities there got involved and did the right thing," Mr Milhollin said. The probe is thought to be linked to an incident in August 1993 when the US sparked a row with China because its officials tracked a Chinese ship, the Yin He all the way to Saudi Arabia, and publicly accused it of carrying chemical weapons precursors, although a search proved fruitless.

The State Department spokesman said the ban on the firms exporting products to or doing business in the US was imposed under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 and would last at least one year. He said the firms were difficult to pin down "because they have registered ... at different times".

The US had not made a definite determination, he said, that China itself had committed a sanctionable act in connection with the incidents. Asked to reveal what evidence US officials had gathered against the firms, he replied: "That is something the details of which I cannot go into, because it involves intelligence matters."

Jiangsu Secretary, Governor Meet Delegation

OW2604054895 Nanjing XINHUA RIBAO in Chinese
15 Apr 95 p 1

[Report by Yang Maosen (2799 5399 2773) and Yao Dayun (1202 1129 9462): "Hong Kong Special Administrative Region Preliminary Working Committee Members and Hong Kong Affairs Advisers Arrive in Our Province; Chen Huanyou and Zheng Silin Meet Lu Ping, Zhou Nan, and Their Delegation"]

[FBIS Translated Text] Members of the Preliminary Working Committee [PWC] of the Hong Kong Special Administrative Region Preparatory Committee, PWC advisers on Hong Kong affairs, and their entourage—totaling more than 100 people—flew into Nanjing from Hong Kong at noon on 14 April. The delegation was headed by Zhou Nan, XINHUA NEWS AGENCY's Hong Kong branch director. Earlier, Lu Ping, the State Council's Hong Kong and Macao Affairs Office director, had arrived in Nanjing from Beijing.

The PWC is a working body established by the National People's Congress to prepare for our country's resumption of its exercise of sovereignty over Hong Kong. Its members hail from the mainland and Hong Kong. The Hong Kong affairs advisers invited by the State Council's Hong Kong and Macao Affairs Office and XINHUA NEWS AGENCY's Hong Kong branch are all representative figures from various social strata and all walks of life in Hong Kong. Under the arrangements of the State Council's Hong Kong and Macao Affairs Office, they will attend meetings and go on sightseeing trips in Suzhou and Wuxi.

At the Jinling Hotel, Chen Huanyou, Jiangsu provincial party committee secretary, and Governor Zheng Silin cordially met with the PWC members and Hong Kong affairs advisers, of whom Directors Lu Ping and Zhou Nan are in charge, respectively. Present at the meeting were Liang Baohua [2733 0202 5478], provincial party committee standing committee member; Vice Governor Wang Rongbing; and Shi Shaoxiang and Wu Donghua, leading cadres from relevant departments.

On behalf of the provincial party committee, government, and people across the province, Chen Huanyou and Zheng Silin welcomed the PWC members and the Hong Kong affairs advisers to our province. Chen Huanyou said: You are making a special trip to Suzhou and Wuxi to attend meetings. We hope your stay in Jiangsu will be pleasant, and wish your meetings complete success.

Director Zhou Nan said: We chose Jiangsu as the venue of our meetings not only because it is scenic, but also because it has achieved tremendous success in economic development. Through your visit to Jiangsu, you can help promote exchanges and cooperation in various fields between Hong Kong and Jiangsu.

Business Delegates Urge Early Talks on Policy

HK2604064395 Hong Kong EASTERN EXPRESS in English 26 Apr 95 p 2

[By Rain Ren in Beijing]

[FBIS Transcribed Text] The Governor, Chris Patten, should consult the chief executive-designate on his last policy speech on Hong Kong, to be delivered in October

1996, a visiting Hong Kong business delegation has proposed. The chief executive-designate of the special administrative region (SAR) and his shadow cabinet should play a "positive role" in mapping out next year's Government work strategy which will straddle the 1997 handover. They should also be consulted over the making of the 1996/97 Budget plan.

The Business Professionals Federation (BPF) of Hong Kong proposed these ideas to Lu Ping, the director of the Hong Kong and Macao Affairs Office, during their meeting yesterday in Beijing. The delegation will return to the territory today.

Edward Ho, the BPF chairman, said his group, which consists of some of Hong Kong's most influential businessmen and professionals, did not want to see dramatic changes in Government policies and Budgets after 1997. "We told Lu that we hope the SAR chief and his cabinet should be selected and formed at the latest one year before July 1997 so that such consultation can be carried out in a timely fashion," Ho said yesterday. Ho said Lu responded by nodding his approval without making further comment.

The federation also expressed its concern about the morale of Hong Kong's civil service. The BPF proposed that detailed arrangements for the formation of the selection committee for the first SAR chief executive should be worked out as soon as possible. It wants to have a clear idea of how the committee's 400 members would be selected. It favours each sector having the right to choose its own representatives. Ho quoted Lu as saying that people who obtained British nationality through the British Nationality (Selection) Scheme would be "allowed to apply for the SAR passport".

Lu did not elaborate upon how that could be done or say whether applicants must give up their British nationality before applying. Lu said those Hong Kong people who were born in Hong Kong and return with foreign nationalities must stay in Hong Kong for another seven years to recover their right of abode.

The Governor said yesterday that the territory's confidence in the future could be jeopardised if the question of the right of abode was not solved before the 1997 handover. He was responding to an earlier claim by a leading member of the Joint Liaison Group, Chen Zuor, that the problem would not be settled before 1997. "What we want to have is the maximum reassurance for people in Hong Kong. That's what we in the Hong Kong Government are striving to achieve so that people aren't worried about whether they can be residents after 1997 or about how they or their families will acquire and hold on to the right of abode. I am sure that on reflection, Mr Chen Zuor would probably slightly rephrase what he said," the Governor said.

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